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**EMERGENCY FOOD ASSISTANCE AND COMMODITY  
DISTRIBUTION ACT OF 1983**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON DOMESTIC MARKETING,  
CONSUMER RELATIONS, AND NUTRITION  
OF THE  
COMMITTEE ON AGRICULTURE  
HOUSE OF REPRESENTATIVES

NINETY-EIGHTH CONGRESS

FIRST SESSION

ON

**H.R. 1590**

MARCH 22, 1983

Serial No. 98-4



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# EMERGENCY FOOD ASSISTANCE AND COMMODITY DISTRIBUTION ACT OF 1983

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TUESDAY, MARCH 22, 1983

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON DOMESTIC MARKETING,  
CONSUMER RELATIONS, AND NUTRITION,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The subcommittee met, pursuant to call, at 1:40 p.m., in room 1302, Longworth House Office Building, Hon. Leon E. Panetta (chairman of the subcommittee) presiding.

Present: Representatives Huckaby, Staggers, Emerson, Coleman, and Hansen.

Also present: Representative Gunderson of the full committee.

Staff present: Robert T. Lowerre, associate counsel; Mark Dungan, minority associate counsel; Christine D. Abram, clerk; Robert J. Fersh, Nancy Chapman, Lynn Gallagher, and Bernard Brenner.

## OPENING STATEMENT OF HON. LEON E. PANETTA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. PANETTA. The Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition is in order for purposes of a public hearing to consider H.R. 1590, the Emergency Food Assistance and Commodity Distribution Act of 1983.

First of all, I would like to welcome those present to what I hope will be an instructive and informative hearing. We have an array of expert witnesses here today to advise us on how best to establish an effective system to distribute surplus food commodities. While I believe the subcommittee has a good blueprint for sound legislation in H.R. 1590, I would hope that the testimony offered here today would help us to perfect that bill.

I do not think that anyone quarrels with the notion that it is better to distribute food commodities to those who need them or can use them than to let them sit in storage indefinitely. Not only can storage and handling costs be avoided, but also losses due to spoilage. Especially with so many people today desperately needing food assistance, it would be irresponsible for Government not to respond to this most fundamental of human needs.

The basic issues that must be resolved in designing a program are, first of all, what commodities are to be distributed; second, who can receive them; and third, who should bear the expense for distribution.





I am aware that there are a variety of opinions on these issues on Capitol Hill and in the administration. The House Committee on Education and Labor has already reported out a bill, as has the Senate Agriculture Committee. Also, a short-term measure has been adopted by the Conference Committee as part of the emergency jobs bill. Various individual members have also introduced bills that relate to this same subject. All of them, I think, are constructive efforts to try to address the same problem.

We are pursuing legislation here because we are obviously the logical subcommittee in the House to comprehensively address the disposition of surplus commodities. We welcome the advice and assistance of the Education and Labor Committee, especially in relation to the effect of these commodities on child nutrition and elderly feeding programs. I am confident that we can work out an approach to surplus commodity distribution that will be mutually satisfactory to both of our committees.

We are also pursuing hearings and legislation in this subcommittee to provide a more stable, longer term program to distribute these commodities than is included in the jobs bill. While that legislation should afford emergency relief, I am hopeful that the legislation that emerges from this subcommittee will provide a sounder basis for a more permanent program.

There is no question in my mind that legislation to move surplus commodities to needy people is urgently needed. I have seen reports from across the country, and seen first hand in the hearing that this subcommittee held in Cleveland, with additional hearings to be held this Friday in Alabama, that overcrowded soup kitchens and food pantries need all the help they can get. While I hope that some of the most urgent problems can be addressed through the jobs bill, I think this legislation needs to move as quickly as possible in any case.

I do want to add a word of caution. And I believe this bears repeating over and over again as we talk about commodity distribution. Everyone who has pressed for the release of additional surplus commodities to feed needy people has emphasized that these commodities are no substitute for the ongoing efforts to feed the poor. While providing additional commodities will be of some assistance in combatting hunger, the impact will be relatively modest. If we were to provide additional commodities and cut the food stamp program at the same time, the net result would likely be more hunger, not less. So I believe that one of the great dangers of enacting this kind of commodity distribution program is that some people will somehow view it as an alternative to other important programs that are now in place, which is simply not the case. We intend to proceed with this legislation, and also to proceed with strong support for the other programs that are in place.

The Chair would also entertain at this time any opening statements that you may have, Mr. Emerson.

**OPENING STATEMENT OF HON. BILL EMERSON, A  
REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI**

Mr. EMERSON. Thank you, Mr. Chairman.

Our hearings today focus on H.R. 1590, a bill that provides for the distribution of surplus commodities to people in need. The Fed-

eral Government is storing large surpluses of commodities at a considerable cost to the taxpayer. It makes more sense to use these commodities to feed people in need.

At the end of the first quarter of fiscal year 1983, the General Accounting Office reports some of what the Federal Government will have in storage: 2.8 billion pounds of dairy products, 429 million bushels of corn, 185 million bushels of wheat, 1.8 billion pounds of rice, and 40 million pounds of honey. H.R. 1590 will take some of the surplus commodities held by the Federal Government and provide them to help people who need the help, thereby reducing the surplus and saving the cost of storing those commodities.

It has been estimated that \$1 billion of surplus commodities can be distributed per year under this bill. Such distribution could include dairy products, honey, corn, rice, and soybeans. I would rather see such commodities used to feed people than to have them sit in storage.

As you know, the Department of Agriculture is now distributing surplus dairy products. They report that over 366 million pounds of cheese and butter have been ordered by the States. I commend them for their actions. However, I believe that other commodities held in surplus should also be distributed. H.R. 1590 expands on the type of commodities to be distributed and provides money to assist in the distribution of these additional commodities. There is a growing sentiment for a program to provide the surplus commodities held by the Federal Government to needy people. I believe this bill provides a common sense approach to this issue.

The witnesses we will hear from today represent groups now involved in food distribution, charitable organizations, and commodity groups. I look forward to their testimony and their comments on H.R. 1590. I am particularly interested in hearing how food distribution is handled now and how we can improve upon this distribution. I am aware that some States have used volunteers to assist in the distribution of surplus dairy products. The cooperation of Government agencies, private industry, and voluntary organizations has been an integral part of the distribution of surplus dairy commodities in many States, and I believe that should continue.

I am also aware that as a distribution program expands, with more commodities to be distributed, transportation, and storage needs also expand.

H.R. 1590 provides Federal money for these costs and limits the reimbursement to 5 percent of the value of the commodities. I will be interested in hearing comments on this portion of the bill and what States and food distribution agencies need to supplement their current distribution program.

I believe the chairman and I share a desire to report out a bill that will provide for an efficient and effective means of distributing surplus commodities to people in need. This hearing is the first step toward achieving that goal.

Thank you, Mr. Chairman.

Mr. PANETTA. Thank you, Mr. Emerson. Your prepared statement and a copy of H.R. 1590 will be placed in the record.

[The prepared statement of Mr. Emerson and H.R. 1590 follows:]

STATEMENT OF THE HONORABLE BILL EMERSON  
SUBCOMMITTEE ON DOMESTIC MARKETING, CONSUMER RELATIONS  
AND NUTRITION

Thank you Mr. Chairman. I have been pleased to join with you in sponsoring H.R. 1590, a bill that will provide surplus commodities to people in need. As a result of our hearings in Cleveland and those held here earlier this week, I believe there is a need to both provide surplus commodities to people in need and to provide reimbursement to states for the actual costs of transporting and storing these commodities.

One of our witnesses on Tuesday was the Secretary of Agriculture from Wisconsin. He described their surplus dairy distribution program and stated that the success of the program depended on the cooperation of many community organizations. He mentioned their successful volunteer organization and that Wisconsin had not been charged by any warehouse for storage and handling costs involved in their first two distributions. However, in their most recent distribution of surplus dairy products, storage and handling charges have begun to be assessed.

I hope organizations continue to volunteer their services in commodity distribution programs. However, just as the Wisconsin Secretary of Agriculture described - volunteers do not last forever and at some point states will be charged for transportation and storage costs.

I believe H.R. 1590 is a reasonable bill and over the past few weeks we have worked together to refine some portions of the

bill. For example, in the substitute offered today the Secretary is given more flexibility to determine which commodities are likely to be sold and which would be available for distribution. The substitute also lowers the maximum amount of funds available for state and local storage and transportation costs from \$65 million to \$50 million.

As you know the Conference Report on the Jobs Bill contains a provision for a six month mandatory commodity distribution program that is similar in many respects to H.R. 1590. Additionally, I am sure you are aware of the USDA's announcement on Tuesday that they will release rice, corn meal and non-fat dry milk for distribution to needy people. I commend them for their actions. I believe both of these actions are a recognition of the need to distribute surplus commodities to needy people.

As we mark-up this bill in Subcommittee and in full Committee I am sure that we will identify areas that need to be reworked. That is the purpose of the process. For example, the order of priorities in this bill - who will receive surplus commodities first - is one area that we will carefully review as additional information is obtained and in light of the actions contained in the Conference Report on the Jobs Bill, the Secretary's expansion of the surplus commodity distribution program and the PLK program. I know that the Chairman and I share a desire to have a workable surplus commodity distribution program and that we will work together to achieve that goal.



98TH CONGRESS  
1ST SESSION

# H. R. 1590

To provide emergency food assistance to low-income and unemployed persons and to improve the commodity distribution program.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 23, 1983

Mr. PANETTA (for himself, Mr. DE LA GARZA, Mr. EMBERSON, Mr. FOLEY, Mr. ECKART, Mr. HUCKABY, Mrs. SNOWE, Mr. GLICKMAN, Ms. KAPTUR, Mrs. KENNELLY, Mr. COLEMAN of Missouri, Mr. HALL of Ohio, and Ms. OAKAR) introduced the following bill; which was referred to the Committee on Agriculture

---

## A BILL

To provide emergency food assistance to low-income and unemployed persons and to improve the commodity distribution program.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*  
3        That this Act may be cited as the "Emergency Food Assist-  
4        ance and Commodity Distribution Act of 1983."

5        SEC. 2. Section 1114(a) of the Agriculture and Food  
6        Act of 1981 (7 U.S.C. 1431e) is amended to read as follows:

7        "SEC. 1114. (a) Notwithstanding any other provision of  
8        law—

1       “(1)(A) Stocks of commodities acquired under the  
2       price support programs by the Commodity Credit Cor-  
3       poration (hereinafter referred to as ‘the Corporation’)  
4       shall be made available without charge or credit for  
5       distribution to food banks, hunger centers, soup kitch-  
6       ens, and similar public and private nonprofit organiza-  
7       tions that relieve situations of emergency and distress  
8       by providing food to low-income and unemployed per-  
9       sons (which organizations are hereinafter referred to as  
10      ‘emergency recipients’).

11       “(B) Stocks of commodities acquired under the  
12      price support programs by the Corporation which  
13      exceed quantities thereof (i) to be committed under  
14      contracts of sale entered into by the Corporation before  
15      April 1 of the fiscal year following the date on which  
16      the Secretary of Agriculture (hereinafter referred to as  
17      ‘the Secretary’) publishes the estimate required under  
18      subparagraph (C), (ii) otherwise made available for dis-  
19      tribution under subparagraph (A), (iii) necessary to  
20      maintain the reserve established under the Food Secu-  
21      rity Wheat Reserve Act of 1980 (7 U.S.C. 1736f-1),  
22      and (iv) necessary to carry out the payment-in-kind  
23      land diversion program for producers (taking into con-  
24      sideration stocks of commodities held by producers  
25      which are pledged to the Corporation as security for

1 price support loans) shall be made available without  
2 charge or credit for distribution to charitable institu-  
3 tions; public or private nonprofit schools and school  
4 food authorities; State agencies designated by the Gov-  
5 ernor or other appropriate State official to distribute  
6 such commodities; nonprofit child care institutions;  
7 Federal, State, and local penal institutions; disaster  
8 relief organizations; public or nonprofit summer camps;  
9 the commodity supplemental food program; the summer  
10 feeding program; the needy family program on Indian  
11 reservations; and similar organizations and programs  
12 designated by the Secretary of Agriculture in consulta-  
13 tion with State agencies. Such distribution shall include  
14 bulk distribution to congregate nutrition sites and to  
15 providers of home-delivered meals under the Older  
16 Americans Act of 1965.

17 “(C) The Secretary shall, before October 1, 1983,  
18 and each October 1 thereafter, publish in the Federal  
19 Register an estimate of the quantities of commodities  
20 to become available for distribution under this para-  
21 graph during each of the next two fiscal years.

22 “(2) The Corporation shall provide the commod-  
23 ities made available under paragraph (1) to State agen-  
24 cies designated by the Governor which shall administer  
25 the distribution program under this subsection within

1 the States, except that the Corporation shall provide  
2 such commodities directly to eligible recipients to  
3 which State agencies are not permitted by law to make  
4 distribution, and to private companies as provided in  
5 paragraph (7). The Secretary shall, in consultation  
6 with State agencies, administer such direct distribution  
7 program.

8 “(3) State agencies to which commodities are pro-  
9 vided by the Corporation under this subsection shall  
10 distribute them only to recipient organizations which,  
11 as determined by State agencies or the Secretary, as  
12 the case may be, meet the criteria specified in para-  
13 graph (1) and will effectively distribute such commod-  
14 ities to those whom they serve (which recipient organi-  
15 zations are hereinafter referred to as ‘eligible recipi-  
16 ents’). If the quantity of commodities provided to State  
17 agencies for distribution under this subsection is not  
18 adequate to meet all requests therefor by eligible recip-  
19 ients, preference shall be given to requests from eligi-  
20 ble emergency recipients.

21 “(4) The Corporation shall use its funds to pay  
22 costs of initial processing and packaging of commod-  
23 ities to be distributed under this subsection into forms  
24 and in quantities suitable for use in individual house-

1 holds when such commodities are to be consumed by  
2 such households and for institutional use, as applicable.

3 “(5) The Corporation shall, from its funds, but not  
4 to exceed \$65,000,000 in the aggregate in any fiscal  
5 year, (A) pay or make advance payments, upon re-  
6 quest, to State agencies, but not in excess of five per  
7 centum of the fair market value of the commodities  
8 provided to them by the Corporation under this subsec-  
9 tion, for use by them (i) to cover actual costs incurred  
10 by State agencies in storing, transporting, handling,  
11 and distributing such commodities, and (ii) to pay or  
12 make advance payments, upon request, to eligible  
13 emergency recipients to cover actual costs incurred by  
14 them in storing, transporting, handling, and distributing  
15 commodities distributed to them by State agencies  
16 under this subsection and in completing paperwork  
17 which is necessary only because of their receiving and  
18 distributing such commodities: *Provided*, That if the  
19 amounts made available to State agencies by the Cor-  
20 poration under clause (A) are not adequate to cover all  
21 costs described therein, preference shall be given to  
22 covering such costs incurred by eligible emergency re-  
23 cipients, and (B) pay to eligible emergency recipients  
24 amounts to cover costs described in the preceding  
25 clause (A)(ii) incurred by them with respect to com-

1 commodities made available directly to them by the Corpo-  
2 ration as provided in paragraph (2). State agencies  
3 may not charge eligible recipients for any costs in-  
4 curred by State agencies in carrying out the distribu-  
5 tion program under this subsection.

6 “(6) The Secretary shall obtain such assurances  
7 as the Secretary deems necessary that eligible recipi-  
8 ents of commodities provided under this subsection will  
9 not diminish their normal expenditures for food by  
10 reason of receiving such commodities. Eligible recipi-  
11 ents shall request and distribute commodities under this  
12 subsection only in quantities which can be consumed  
13 without waste.

14 “(7) The Corporation shall also encourage con-  
15 sumption of initially processed commodities made avail-  
16 able under this subsection by distributing them directly  
17 to private companies for further processing into end  
18 food products for use by eligible recipients. Eligible re-  
19 cipients shall bear the expense of such further process-  
20 ing, except that the Corporation shall bear such ex-  
21 pense, but not in excess of \$10,000,000 in the aggre-  
22 gate in any fiscal year, in connection with the further  
23 processing of commodities ordered by eligible emergen-  
24 cy recipients. The Secretary shall administer the distri-  
25 bution program under this paragraph, including making

1       determinations, in consultation with State agencies, of  
2       the companies and eligible recipients whose participa-  
3       tion will effectively result in consumption of the end  
4       food products.

5       “(8) The Secretary shall (A) inform State agen-  
6       cies of the provisions of this amendment not later than  
7       15 calendar days after its enactment, (B) commence  
8       distribution of commodities for use by eligible emergen-  
9       cy recipients and issue regulations governing such dis-  
10      tribution not later than 30 calendar days after the date  
11      of enactment of this amendment, and (C) commence  
12      distribution of commodities for use by other eligible re-  
13      cipients and issue regulations governing such distribu-  
14      tion not later than 90 calendar days after the date of  
15      enactment of this amendment.

16      “(9) The provisions of section 4(b) of the Food  
17      Stamp Act of 1977 (7 U.S.C. 2013(b)) shall not apply  
18      with respect to distribution of commodities under this  
19      subsection.”.

20      SEC. 3. Section 1114(a) of the Agriculture and Food  
21      Act of 1981, as amended by this Act, shall expire on Septem-  
22      ber 30, 1986.

Mr. PANETTA. Now, for our first witness, Hon. Marcy Kaptur, who is a new Member of Congress from Ohio. Welcome to the subcommittee. You may proceed.

**STATEMENT OF HON. MARCY KAPTUR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO**

Ms. KAPTUR. Thank you, Mr. Chairman. I appreciate this subcommittee giving me the opportunity to appear before you today.

As one of the original cosponsors of H.R. 1590, I appreciate having the time to speak in support of this bill, and I congratulate you, Mr. Chairman, for your leadership in introducing this legislation and in moving it expeditiously.

Passage of H.R. 1590 is a crucial first step toward meeting the growing problem of hunger across the United States. As urgent as this legislation is, however, I agree with you that it is not a substitute for the food stamp and the child nutrition programs, but only a small and temporary supplement to them. Thus, as we debate the first budget resolution this week, it is crucial that we not allow any additional cutbacks in food stamp benefits. Such action would further undermine the capacity of this bill to meet emergency needs.

The demand for emergency food assistance in my district in the Toledo, Ohio area is staggering. I know also that my district is not unique in this respect. Other areas across this land of agricultural abundance have been equally hard hit by adverse economic conditions. It is our responsibility in Congress to address this genuine need by establishing an effective program to move surplus commodities held by the Commodity Credit Corporation of the Federal Government to those in our society who are going hungry.

My district comprises 100 percent of Lucas County, 53 percent of Fulton County, and 21 percent of Wood County, counties in northwestern Ohio. There are currently only two programs in these counties which distribute surplus cheese and butter to my constituents, and these programs do not even begin to meet the acute demand.

Quite frankly, Mr. Chairman, there is only so much one can do with cheese and butter. Anything we can do to expand to additional commodities, those that you have mentioned, including rice, soybeans, and so forth, is long overdue. I might add that embarrassed people in my district, as recently as this past weekend, humbly asked me if I know where they might get one meal of meat, it has been so long since they have had any.

The largest distribution program in my district, run by the National Association for Human Development, is located in my major county, Lucas County, and serves a total of 22,000 families a month. The association receives three truckloads of butter and cheese each month, which it then distributes to churches, which then divide it among 22,000 or so families. In the next couple of months, the association will begin to receive 5 truckloads, so that approximately 37,500 families can be served. Even with this increase, we will not begin to meet the need.

Some experts estimate that in Lucas County alone, only half of the qualifying recipient families will receive surplus commodities under this program when it is expanded. Moreover, our Central



Labor Council, which is a group of major unions in the area, including the United Auto Workers, the Teamsters, all of the AFL-CIO affiliates, our Port Council and Building Trades Unions, have asked the association first for surplus cheese and butter to distribute to their needy, primarily unemployed, members. It is doubtful that the increase to five truckloads of dairy products will be sufficient to meet the unions' needs.

I might mention to you for purposes of the record that the Teamsters Union in our area, for example, is down from a level of 13,200 members to 9,000 members. Also, 40 percent of our building trade is out of work, 60 percent of our dock workers and seamen, and 30 percent of our autoworkers.

In addition, our local distribution program needs financial assistance for refrigeration and local distribution. This, Mr. Chairman, is a description of the largest program in my district. The smaller program in Fulton County, run by the Fulton County Department of Human Services, serves only 1,300 people a month. It is unconscionable and incomprehensible that Americans are suffering from the kind of hunger that once plagued our society before the advent of Federal nutrition programs. We must put an end to this situation.

I ask that this subcommittee in its markup tomorrow report H.R. 1590 out favorably. For hungry people, time is of the essence. We must respond to the call for help immediately.

Finally, Mr. Chairman, I especially want to thank you for your excellent cooperation in welcoming me as a cosponsor of this legislation and for the diligence of your staff.

Thank you very much.

Mr. PANETTA. Thank you very much for your comments and for your support.

Let me ask you just one question. In your experience with the cheese and butter distribution program now taking place, what are the problems that you see?

Ms. KAPTUR. I would say, first of all, some administrative incompetence. I hate to say exactly who is to blame but, for example, one of the agencies responsible forgot to fill the paperwork out properly and we have had an 8-month delay in getting additional commodities into our district. That has been a severe problem for us.

In addition to that, the refrigeration problem is a significant one. We have managed to get around some of the regulatory craziness and all of this. They delivered, for example, to some of our senior centers the big hunks of cheese and then told them they couldn't cut them on site because that would violate certain health regulations. So the director of the health center would move the cheese over to the side and say to the people, "You go cut your own piece of cheese." So I would say on the administrative side we are running into severe problems.

Also, I was very happy to see the subcommittee's interest in broadening the amount of commodities because, really, I think our people have used cheese in every possible way one could imagine.

This weekend, which is when I do my food shopping while I am back home, people who I graduated from grade school with came up to me, who are now unemployed. One such woman's husband was a member of the Teamsters Union, and now they just can't

make it. They need food, and they are embarrassed because they have not been recipients of any kind of government help before. They really don't know how to work the system. So I think that your efforts to try to strengthen the administrative side of this are extremely important.

Mr. PANETTA. Thank you very much. I appreciate again your comments.

Ms. KAPTUR. Thank you.

Mr. PANETTA. Mr. Emerson.

Mr. EMERSON. No questions, Mr. Chairman.

Mr. PANETTA. The next witness is the Honorable Mario Biaggi, a Member of Congress from New York, one of the leaders of this effort over in the Education and Labor Committee. We thank you, Mario, for coming and for sharing your thoughts with us.

#### STATEMENT OF HON. MARIO BIAGGI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. BIAGGI. Thank you very much, Mr. Chairman, Mr. Emerson. Thank you for the opportunity to appear before the subcommittee, as we examine the real and urgent need to get millions of tons of surplus commodity foods out of warehouses and into the hands and mouths of the needy and hungry of our Nation.

I come before you as the author of one approach, as embodied in my bill, H.R. 1513, which was passed by the House Education and Labor Committee last week. Today we are focusing on your legislation, Mr. Chairman, H.R. 1590. Let me note that while there may be different bills before Congress on this subject, there is a common thread woven into each—namely, that current Federal commodity food policies must be changed. Not only must Federal money be provided to store, process, transport, and distribute these commodities, but funds should also be provided to the communities and neighborhoods of our Nation within existing Federal allotments or with a new appropriation.

Both our bills have the word "emergency" in their title. It is not an understatement to say that the effects of this prolonged recession and record unemployment have produced more poor and hungry people in this Nation. This situation has been exacerbated by Federal food stamp cuts of \$900 million and cuts in nutrition programs under the School Lunch Act by nearly \$2 billion. It is the height of cruelty to have 5 billion dollars' worth of food sitting in USDA warehouses, because current policies do not provide administrative funds to States for their distribution.

The testimony received by the Education and Labor Committee during the 2 days of hearings on my bill produced ample evidence of the need to change existing Federal food policies. I am confident that you will hear similar testimony today.

My bill, H.R. 1513, expands the current cheese distribution effort to all commodities in storage, such as wheat, honey, and nonfat dry milk. We are in agreement, Mr. Chairman, that more than cheese should be given out, and I commend you for similar language in your legislation.

In addition, we require the publication of lists of available commodities by the Secretary of Agriculture so that States can assess

and plan for their needs accordingly. I would hope that such a publication requirement would be considered by your committee as well.

The Emergency Commodity Distribution Act, which I might add was introduced with the support of my chairman, Carl Perkins, reimburses States at 5 cents per pound of donated commodities. The bill also bars local agencies from being charged for the distribution, transportation, storage, or processing of these foods. We included this reimbursement rate in our bill based upon, in part, testimony we received from witnesses on the costs associated with such a distribution.

However, I believe that the reimbursement approach in your bill, Mr. Chairman, would provide an equally appropriate method of giving administrative funds to States by paying them 5 percent of the value of the amount of commodities requested.

A number of discussions with States and local groups since passage of H.R. 1513 have convinced me that the approach in your bill, H.R. 1590, with respect to such reimbursements is preferable. My bill makes schools and elderly feeding sites eligible recipients under such a distribution effort as we feel that these programs have a dual function. They not only feed the needy; they are also logical distribution agents in communities because they are focal points of activity and are often most accessible to all.

I know that you share our concern, Mr. Chairman, for participants in these programs, and am confident that you will give these groups appropriate attention in any legislation you consider. I also believe that the scope and intent of H.R. 1513, the Emergency Commodity Distribution Act of 1983, is consistent with your own goals in your legislation, H.R. 1590. We share more common interests than differences. I believe that should be the focus of our work on any final product adopted by the House.

The emergency jobs bill has provided a first step by providing \$100 million for this fiscal year to begin this effort. I believe that any subsequent legislation and appropriation should accurately underscore the concern of Congress, that the Secretary of Agriculture become a partner in this distribution effort, that he become an activist for the needy, and that he make maximum use of our agricultural abundance.

Mr. Chairman, I appreciate your consideration of this legislation and pledge to you my own efforts to work with you so that our common goals will reach fruition. I am confident that the members of our Education and Labor Committee echo my interest and stand ready to assist as well.

Once again, I appreciate the opportunity to testify before you.

Mr. PANETTA. Congressman Biaggi, we appreciate your testifying. As I stated, you have exercised great leadership on this issue in the Labor and Education Committee. I, too, think that in reviewing both the bills that we share a lot of common goals and similarities in the legislation. There are some minor differences but I think that, frankly, they can be resolved, so that if we go to the floor we can go to the floor with something that both committees can stand behind.

Mr. BIAGGI. I would like to point out some differences that I think are important and I hope we can accommodate each other,

because in the end it will accommodate the purpose of the legislation and eliminate any possibility of trouble.

One is the question of who gets reimbursed. The State, of course. But in my bill there is no charge to locals and provision is made for that. In your bill, the State gets reimbursed but the State could charge locals. If that could be eliminated—I don't think the States should be in a position to charge the locals. The less people we have and the fewer agents we have in dealing with the moneys, the less likelihood we will have trouble.

I have had experience already in distribution in New York City, Mr. Chairman, and the kind of experience that infuriated me. When the cheese distribution was made, the drivers of the trucks would make private arrangements. I offer this to you, and I don't know that the bill can do it, but certainly it should be a caveat issued from Congress to the Secretary and from the Secretary to the States, that the personnel involved in the distribution should not be in a position to profit by giving one person more than his or her allotted share. We have seen that happen for the exchange of a few dollars. Some people would walk away, or drive away, with inordinate amounts, certainly disproportionate. What we did was immediately call the district attorney's office. I have seen that happen once, and I can see it happening again. It is something that some note should be taken of.

But the differences, frankly, where we do differ I defer to you on at least two, and where you establish priorities, my bill doesn't establish any priorities. I think we have enough surplus to deal with everyone in any event, but I would appreciate if you would give that some consideration.

As far as the moneys, I used section 32 in order to, very candidly, get the bill referred to the Education and Labor Committee——

Mr. PANETTA. I had a feeling that was involved.

Mr. BIAGGI. We were successful in that. But clearly, your method is superior, because the chances of getting any money from section 32 from Congressman Whitten, it's like a snowball's chance in hades. [Laughter.]

In any event, we are here at almost the moment of truth and I am sure that you will produce the kind of legislation that will be productive, accomplish our objective, and one that we can all be proud of.

Mr. PANETTA. Again I thank you. I had a feeling that an experienced member like yourself knew generally where Mr. Whitten stood on the use of section 32. That was of concern to me. On the charge of locals, I think I sympathize with the concerns that you're presenting. We thought it would be OK to charge nonemergency distribution operations as opposed to the emergency centers, but that is one that I think we're willing to take another look at. I appreciate your raising it.

Mr. BIAGGI. I have one more thought, a situation that developed. I wonder if we can, in the language or in the report, in one form or another, have the secretary be made sensitive to the needs of religious groups when it comes to the initial processing. I'm not talking about the processing in the way of cutting the amounts down and appropriately distributed. The initial processing. The question has arisen in my district on a number of occasions and we tried to

accommodate the kosher dietary needs of some recipients. There was enough commodities available on a small basis, but I think a little more formal attention would be meritorious.

Mr. PANETTA. Mr. Emerson.

Mr. EMERSON. What is the problem there?

Mr. BIAGGI. Very specifically—and I'm not so sure that maybe other religious groups would have a similar problem. We have large constituencies that are interested in kosher foods, and they're poor, clearly they are poor. They would be otherwise eligible to receive but they wouldn't be in a position to benefit. If the Secretary can deal with the processing of the product at the early stages and develop a certain amount so that that could be distributed in those areas, I think it would display a sensitivity and a caring that would be commensurate with mutual interests.

Mr. PANETTA. Thank you very much, Mario. I appreciate your coming and testifying.

Mr. BIAGGI. Thank you.

Mr. EMERSON. Mr. Chairman, at this point, if I may, the ranking Republican of this full committee and ex officio member of the subcommittee, Mr. Madigan, had hoped to be able to be with us to testify this afternoon. In the event he is unable to be here, I ask unanimous consent that his statement could be included in the record at this point.

Mr. PANETTA. Without objection, so ordered.

Mr. EMERSON. In his statement, generally he is in support of the thrust of our bill.

Mr. PANETTA. I thank the gentleman and, without objection, it will be inserted in the record at this point.

[The prepared statement of Mr. Madigan follows:]

## STATEMENT OF CONGRESSMAN EDWARD R. MADIGAN

March 22, 1983

Thank you Mr. Chairman. I want to commend you for calling this hearing on the need for a surplus commodity distribution program. As Members of Congress, and particularly as members of the Agriculture Committee, it is our responsibility to exercise the jurisdiction available to us to help needy Americans who are unable to provide food for themselves and their families due to economic conditions beyond their control.

The facts before us are these:

- 1) Due to economic conditions, high interest rates, and the shifting nature of the nation's industrial base, there is a present urgent need for additional food donations to food banks, soup kitchens, and other emergency hunger relief centers and programs in many urban and rural areas. The resources of many food relief organizations are being stretched to the limits and beyond by the magnitude of demand.

While the economy shows signs of a strong recovery, the need for additional food assistance will continue over the coming months.

- 2 ) According to USDA figures, the federal government will own, by the end of FY1983, 431 million bushels of corn, 18 million bushels of wheat, 21 million bushels of rice, 33 million bushels of soybeans, 53 million pounds of honey, 715 million pounds of butter, 1.1 billion pounds of cheese, and 1.8 billion pounds of dried milk.
- 3) Storage and handling costs for government-owned commodities is projected to reach \$430 million in FY1983. This figure has more than doubled since 1981. In addition, the government will pay farmers an estimated \$1.3 billion to store farmer-owned surplus commodities during fiscal 1983, an amount 14 times larger than it was in 1981.

Mr. Bode of the Department of Agriculture is scheduled to be with us today. I hope that he will be able to enlighten us on a few matters concerning the fiscal impact of a large-scale commodity distribution program. I am told that the savings resulting from reduced storage and handling expenses will not offset the costs of processing and distributing commodities to local hunger relief organizations. I would be interested in his comments on that. I am also aware that the Secretary of Agriculture already has the necessary authority to carry out a food distribution program and that a limited program is presently in operation. I am interested in why that program has not been expanded to meet the desperate need that we are told exists. Is the problem that state and local agencies do not have the money to distribute the commodities once they are made available to them? In light of the federal deficit, I am concerned that we keep the cost of this program as low as possible but still insure that it is effective and meets the demand for food.

The conference committee on the federal Jobs Bill approved language last night establishing a six month mandatory commodity distribution program and provided \$50 million for state and local administrative expenses. In light of this action and the President's statement yesterday



that the Agriculture Department is expanding its existing commodity distribution program to include milled rice and corn meal, I am interested in whether the Department feels these actions will be sufficient to meet the demand for donated food or whether a more extended program is needed.

I have introduced a bill, H.R. 2023, which directs the Secretary of Agriculture to make available to hunger relief organizations commodities which he determines are in sufficient surplus. I know that the Chairman and the Ranking Member, Mr. Emerson, have introduced a similar measure. My hope is that the Subcommittee can work together with the Department of Agriculture to put in place a program which allows the Secretary effectively to carry out his other responsibilities while meeting the present extraordinary need for food assistance at the lowest possible cost to the Treasury.

Mr. PANETTA. The next witnesses are from the U.S. Department of Agriculture, Mr. John Bode, who is Deputy Assistant Secretary for Food and Consumer Service, and Mr. Merrill Marxman, Deputy Administrator for Commodity Operations, Agricultural Stabilization and Conservation Service. Gentlemen, welcome to the hearing. I appreciate your taking the time to come here and testify on this legislation.

The President yesterday indicated his support for expansion of the surplus commodity program. I understand today there were additional announcements regarding the distribution of surpluses, so we hope you come with a cooperative heart in moving on this legislation.

Mr. Bode, you may proceed.

**STATEMENT OF JOHN W. BODE, DEPUTY ASSISTANT SECRETARY, FOOD AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY MERRILL D. MARXMAN, DEPUTY ADMINISTRATOR, COMMODITY OPERATIONS, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, AND PATRICK J. CLERKIN, ASSISTANT DEPUTY ADMINISTRATOR, SPECIAL NUTRITION PROGRAMS, FOOD AND NUTRITION SERVICE**

Mr. BODE. Thank you, Mr. Chairman. It is a pleasure to be here.

With me also today is Mr. Pat Clerkin from the Food and Nutrition Service, who will also help answer any questions that you might have.

Mr. Chairman, before I begin, I will do my best to summarize my statement and ask that the full text be inserted in the record.

Mr. PANETTA. Without objection, the full text will be inserted in the record and you can summarize your statement as you wish.

[The prepared statement of Mr. Bode appears at the conclusion of the hearing.]

Mr. BODE. Thank you, sir.

Before I address the specific provisions of this proposed legislation, I would like to take a few minutes to bring you up-to-date regarding the current status of our efforts to feed needy Americans.

The food stamp program, of course, is the primary vehicle through which we provide food assistance to low-income people throughout the Nation. The food stamp program currently reaches 22 million Americans, that's about 1 in every 10. The average food stamp recipient will receive monthly benefits of \$42.67 compared to \$35.35 in fiscal 1980.

Also, the special supplemental food program for women, infants and children has been growing in recent years. Funding for the WIC program has grown from \$712 million in fiscal 1980 to \$1.6 billion this year. Also, we have had a 20-percent increase in participation since last year in the WIC program.

The child nutrition programs continue to meet the nutritional needs of children. On a daily basis, the school lunch program provides full reimbursement for over 10 million meals each school day and provides partial support for meals served to 13 million other schoolchildren, those who are not receiving free reimbursement because of being from low-income households.

In addition, of course, there are special programs administered by the Department of Health and Human Services designed to meet the special nutrition needs of the elderly.

While a substantial amount of food assistance is provided through cash subsidies, we also have a massive food distribution network. Last year, through our various outlets, we distributed over 1.8 billion pounds of food valued at over \$1.4 billion. The commodities we provide are acquired under price-support activities and market interventions to remove surpluses. Also, some purchases are made strictly to meet preferences expressed by school food service officials.

These programs have successfully addressed poverty-related hunger in America. Through the various food assistance programs, we are currently subsidizing, either fully or in part, some 95 million meals per day. In addition to the \$17.5 billion in direct assistance, we are also providing \$1.1 billion in our special dairy distribution and bonus commodity donations for a total of \$18.6 billion.

Mr. Chairman, since this administration took office, the expenditures for Federal food assistance programs has grown by 34 percent. Taking inflation into account, real growth in program expenditures has been 6.7 percent. The changes that have been made in these programs have been needed and they have not resulted in hunger.

There is a popular myth that the Federal Government is holding vast quantities of foods that could readily be turned over to poor people. In fact, most of the grain that we store is not available for distribution. There has been reference to 1.2 billion bushels of wheat in Government programs. This amount is either committed for foreign donation, in farmer-owned reserve, or under loan. Of the 185 million bushels of wheat the Government does own, part is committed to the food security reserve to meet foreign food aid requirements and the rest will be utilized in the recent wheat flour sale to Egypt or commitments under the PIK program.

Except for process cheese, USDA owns no "table ready" foods. All other commodities that we hold in uncommitted inventory are purchased and stored in raw form and require expense to process and package for distribution to the needy. The actions we take must also consider potential displacement of commercial sales. We should not distribute products to such an extent that we later purchase more of the same products under the price support programs. The question we face today, of course, is how to expand our efforts to provide additional assistance to needy Americans and help alleviate these surplus situations.

Secretary Block made announcements this morning, sir, after being requested by President Reagan yesterday to look into the matter. I will quickly outline what those new initiatives are.

First, we will extend and expand our successful cheese and butter distribution programs. We have already authorized for distribution 500 million pounds of cheese and 125 million pounds of butter. This equates to over 15 pounds of dairy products for every person below the poverty level in the United States. Because of great success of this program and the support it provides to the needy and elderly, we will go beyond the amounts currently au-

thorized and extend the December 31, 1983 deadline for new orders.

Second, we have pilot tested the distribution of nonfat dry milk in three States and Wayne County, Mich. The purpose of the pilot was to assess the impact of distributing nonfat dry milk on commercial sales. Preliminary results indicate that significant displacement of commercial sales has not occurred at tested distribution levels. Based on these results, we will expand nonfat dry milk distribution on a nationwide scale. We will begin taking order in April for nationwide distribution over a 3-month period, May to July. All available instantized milk will be allocated to the States. Primarily due to the required time for processing, this distribution will be phased in and available produce will be allocated to States.

Third, we will soon begin distribution of rice and corn meal. USDA owns significant amounts of both rice and corn which are unprocessed and, as such, are not suitable for household consumption. We have begun contracting for processing and repackaging of rice and corn. The specifics of this new effort will be announced shortly.

Regarding the dairy distribution program that has been underway, we consider it a great success. In the early months of the program, State and local governments were concerned about lack of Federal funding for intrastate distribution and handling costs. State governments and local distributors, however, have developed a number of innovative ways to overcome what were first thought to be significant obstacles.

For example, grocers in Colorado and Illinois volunteered their cold storage and transportation facilities; National Guard units in other States have incorporated dairy deliveries into their training programs. In short, the effort has been successful without provision for intrastate handling costs.

Another important point is that on the average the Federal Government is absorbing approximately 97 percent of the cost of providing dairy products to needy individuals.

USDA purchases, processes, packages, and distributes these products to convenient locations within each State, including drop-off shipments to small outlets in some sparsely populated areas.

As the success of the special dairy distribution program points out, the funding of State and local distribution activities is not necessary to be effective in such an effort.

Though the Department is in general agreement with the goals of H.R. 1590, we oppose this bill, Mr. Chairman, because the additional authorities it provides are not needed. The present uses of existing departmental authorities are fully responsive to the real needs for distribution of surplus commodities.

Regarding the major provisions of H.R. 1590, are concerns are:

One, the bill would require the donation of price support commodities to certain public and nonprofit organizations. The only prescribed upper limits of commodities to be so donated are either the total CCC inventory or some uncertain amount which might be requested and used without waste. All current authorities utilized by the Secretary for donation appear to be superseded and the current beneficiaries of those donations are lumped together as a lesser priority of eligible recipient.

The bill also loosens the terms of those recipients' eligibility by omitting the current limitations on support to charitable institutions. Their current support is determined on the basis of needy persons served. The bill creates a very loosely defined set of eligible recipients, an undefined limit on benefits, and charges the Secretary with responsibility for keeping the donations from impacting food expenditures by recipients.

The broad entitlement created by the bill is inconsistent with a direction that food expenditures not be reduced. The only circumstance in which the Secretary can obtain reasonable assurance that food expenditures would not be reduced is when he has discretion over what to donate and in what amounts. Under current circumstances, the only commodities we should be donating to the described emergency recipients are cheese, butter, nonfat dry milk, rice, and cornmeal.

Second, the bill establishes an entitlement which requires USDA to pay up to \$10 million annually for processing costs ordered by eligible emergency recipients. We believe the Secretary should have discretion in deciding what processing costs USDA should defray. The CCC is already absorbing substantial processing costs.

Third, the bill would require the Secretary to publish, by the beginning of each fiscal year during which the bill is in effect, an estimate of the quantities of commodities to become available for distribution in each of the next 2 fiscal years. It is not reasonable to assume that the Secretary would be able to project for 2 years into the future just what commodities will be available. We prefer that this provision be deleted so that the Secretary may alert States and recipient agencies on a timely basis as items become available.

Fourth, the bill prohibits States from charging recipients and recipient agencies for costs related to commodity distribution, and requires USDA to advance or reimburse funds to States for a broad range of State and local costs. This provision would result in additional Federal outlays of up to \$65 million annually. We believe that this is an unnecessary Federal expenditure. State and local governments and recipient agencies have been managing quite effectively using their own resources. As I mentioned earlier, all States have been successfully distributing butter and cheese without Federal administrative funding. To provide such funding would serve to undermine State and local commitment to an efficient intrastate distribution effort.

This provision would provide administrative funding for distribution of commodities to traditional outlets such as schools and charitable institutions. These outlets, which account for the major share of our distribution activities to date, have long managed to make effective use of commodities without significant Federal subsidies to defray intrastate distribution costs.

The administration, Mr. Chairman, is moving to make appropriate commodities available in forms suitable for household distribution. Other steps that would be taken by enactment of this legislation—creation of an entitlement status for certain organizations, Federal funding for State and local distribution activities which are now underway, and establishment of entitlement—type rights for certain processing activities—are unnecessary and expensive drains on the Federal budget. Therefore, we do not support H.R. 1590.

I will be pleased to answer any questions that the committee members may have.

Mr. PANETTA. Thank you for your testimony.

Let me ask you, are you aware of the measure that was included in the jobs bill conference report late last night?

Mr. BODE. I am aware of that, sir. I cannot tell you that we have completed our analysis of it.

Mr. PANETTA. Well, it does everything that is in this bill, so my question is, if, in fact, that is the case, are you going to recommend to the President to veto the legislation on that basis?

Mr. BODE. Sir, we have not completed our analysis of the jobs bill. I can't say what our recommendations will be with respect to that provision in the jobs bill.

Mr. PANETTA. You have no position on the provision that was contained in the jobs bills at the present time?

Mr. BODE. That is correct, sir.

Mr. PANETTA. If, in fact, the jobs bill is signed and passed by the President and signed into law, and elements of this legislation become law, doesn't it make more sense, then, to proceed to review the elements of the legislation and determine what can make the program work more effectively, if in fact you have a program that is in effect pursuant to that kind of change in the law?

Mr. BODE. Certainly we will do everything possible to administer the law and the programs required by law in the most efficient and effective way possible.

Mr. PANETTA. I guess the concern we have is that the evidence we receive in terms of the distribution program as it is now working is that it is a haphazard process. As a matter of fact, I received a notice that went out—it was a letter addressed to all food banks, dated March 11, 1983, from the Department of Food and Agriculture in Sacramento. This went out to all food banks, and I quote:

USDA has informed us that they will not be able to deliver cheese for all orders in April 1983. The decision of which orders will be canceled will be made by USDA. At this time we do not know the amount of cheese that will be available from May through December 1983. If you have not put in orders for May through December 1983, we suggest you send us your orders.

Now, it is that kind of situation that we are finding, at least in the hearings, that is resulting in really incalculable damage in terms of people being able to prepare adequately for the distribution program. They don't know when the cheese is arriving. It suddenly pops up, a truck arrives one day, and nobody knows who is distributing it. The process of distributing it is, at best, haphazard. Some communities obviously deal with it a lot better than others, but there is absolutely no kind of uniform approach to the distribution of those goods.

It seems to me that as long as the President is endorsing the expansion of the surplus commodity program, that it makes sense to then try to prioritize who should get those foods and what kind of administrative costs ought to be provided. We ought to be able to provide some kind of sane approach to this thing, rather than just throwing this stuff up in the air and hoping that the right people are able to get their portion.

Mr. BODE. Mr. Chairman, we don't feel that the commodities that we are providing to date through the special dairy distribution

project are being thrown up in the air and provided in a haphazard way. That is the basic mechanism we plan to follow, to use in the distribution of other commodities, nonfat dry milk, rice, and cornmeal. The system provides that commodities be allocated to States based on the request from States for distribution, so the Department of Agriculture's relationship is with the various States by a written agreement and the States, in turn, make provision for allocation of the commodities at the local level.

We provide commodities that we deliver to distribution points designated by the States, and I should also add, sir, I have not seen the March 11 memo from the Department of Food and Agriculture in California, but I am generally aware of the situation. That problem developed as a result of State requests for commodities, particularly processed cheese, exceeding for the month of April the amount of processed cheese the Department has the capacity to provide. As you know, the bulk of the cheese in Department of Agriculture storage is held in 40-pound blocks of cheddar. That cheese has to be processed and packaged before being made available. The capacity of industry to reprocess that cheese is being reached by our current efforts.

Mr. PANETTA. I guess my concern is that it would seem to me we could do a better job of trying to alert States as to when these commodities are going to be made available and when they are going to arrive. I will tell you honestly, in the hearings we had in Cleveland, and where we went out and actually visited some of the lines that were involved, the people came up that were in charge of the program and said, "We don't know when the stuff is arriving. We have no idea when it is arriving. Suddenly a truck will show up. If we had some advance notice, we could provide notice to the people that are in need and we would be able to set up a little better distribution method for the people that are receiving it." As you know, there are lines going around the block. Frankly, again, I think with a better process of distribution we would be able to avoid some of those problems.

And yet you come here opposed to the provision in the bill that requires the Secretary to try to provide some advance notice as to when that is going to be available.

Mr. BODE. Mr. Chairman, we have experienced that sort of problem to some extent I think throughout the history of commodity distribution. Certainly that is a recurring complaint with respect to commodity distribution activities that have been going on for the past several years of providing commodities to schools.

I frankly do not see how the provisions of this bill are going to change or alleviate that problem. We have been working very hard to minimize that. It is a problem that results from uncertainties in transportation.

I would invite my colleagues from the Department to elaborate on my statement, if they have anything to add.

Mr. CLERKIN. Very basically, the provision in the bill providing that the Secretary announce what would be available simply relates to what is available for donation. Certainly the logistical aspects of delivery on a given day or time would not be impacted by that provision.

It is a continuing problem, when you consider that we deliver over 1 billion pounds of commodities in any given year, that not every shipment is going to arrive when it was announced to arrive or when it was expected.

Mr. BODE. I might also add, sir, this problem is exacerbated somewhat as we try to be more responsive to local dropoff requests. Certainly if there is a problem with partial unloading at one point, that can delay delivery at a subsequent point.

Mr. PANETTA. I refer to the GAO study that was done on the program, in which they quote on page 9 that:

Funding is a problem cited by officials of many nonprofit charitable organizations, including food banks, soup kitchens, and food pantries. Officials of several organizations told us because of limited resources they lack the storage space, warehouse facilities, office equipment, food varieties and quantities needed to improve and increase the assistance that they provide.

So I'm not sure where you're getting your information, but at least all of the evidence we are getting so far indicates that funding is a problem and that, indeed, notice is a problem as well with regard to the distribution of these commodities.

Let me ask you one other question. You're going to be moving to distribute additional quantities of nonfat dry milk, rice, and cornmeal. I assume there is some processing costs involved with this.

Mr. BODE. Yes, sir.

Mr. PANETTA. Now, is it the position of the Department that all of these processing costs are to be paid out of the CCC?

Mr. BODE. Yes, all processing costs, the milling of the rice and the processing costs, packaging costs, of cornmeal, as well as for the instantizing and packaging of nonfat dry milk are planned to be paid for by the Commodity Credit Corporation.

Mr. PANETTA. I guess my concern is that the basic intent of the CCC is to provide support prices, and so forth. It is not as if taxpayers aren't paying for processing whether it is coming out of the CCC or whether it is coming out of a fund that is set aside for processing purposes.

Doesn't it make better sense to establish a fund for the purpose of processing goods as opposed to constantly going back to the CCC? It is bad enough right now in the CCC—very frankly, the estimates of cost to the CCC I think last year ranged about \$7 or \$8 billion, and wound up being somewhere around \$20 billion, or close to it. You know, I don't think you are saving any money just because you come in the back door as opposed to the front door.

Mr. BODE. We certainly agree with that, sir.

Taking the funds from the Commodity Credit Corporation account is appropriate because these are activities that we are undertaking as a result of surplus stocks on hand for which we do not have present plans for sale of those commodities. Certainly there is great rationale for a direct appropriation for the processing and any costs associated with the distribution of those commodities.

I would think there would also be some rationale for direct appropriation for actual value of those commodities, or some part of the value of those commodities, following the same line.

Mr. PANETTA. Thank you very much, Mr. Bode.

For the information of the members, those bells were a vote on House Resolution 127, providing for funding for House committees.



Mr. Emerson.

Mr. EMERSON. Thank you, Mr. Chairman.

Mr. Bode, I think you have made a generally positive statement here, and I don't think that your goals and our goals differ greatly. Perhaps there are some differences in emphasis.

You object to some costs in this bill, of processing, \$10 million, transportation and distribution of \$65 million. If, indeed, we are spending one-half a billion dollars a year in storage costs, maybe we could distribute enough of these surplus commodities to save on the storage side and get the goods to the people who, indeed, need it.

I think on the transportation and distribution problem that the comments the chairman has made are very valid. We have been out in the field and we have heard testimony from people who complain greatly about the uncertainty of the delivery system, not knowing when they are going to get it, and I think we have concluded among ourselves that this is a very real problem because we have been out there in the real world. I think an awful lot of effort has to be made by the Department to insure a greater certainty in the delivery system.

That's not a question. It's a comment. You're at liberty to speak to it.

Mr. BODE. Sir, you make some very good points, of course. I want to point out that we certainly feel the frustrations with delivery problems. We are very much aware of those from our occasional ventures out to the real world. But it is a problem that I just think I would mislead the committee if I gave you the impression that this bill would alleviate it. I am afraid the problem would persist to some extent. We are working diligently to minimize the problem, but I think it is always going to exist to some extent as we are handling commodities in this great volume and trying to do so with some restraint on transportation costs.

Also, I might add the reference to the \$10 million of funding, our objections are largely because that creates a sort of entitlement for the end-product processing of commodities, processing commodities into a form beyond cornmeal or beyond simply milled rice. That is a concern of ours, particularly the entitlement sort of status that it creates.

Mr. PANETTA. Would the gentleman just yield on that point?

Mr. EMERSON. Yes.

Mr. PANETTA. Why isn't pulling money out of the CCC equivalent of an entitlement program?

Mr. BODE. Sir, I think an entitlement is created in the sense that a recipient agency—as I recall, that provisions refers to emergency recipient agency—would be eligible to receive, upon demand, commodities in an end-product or more highly processed form up to the cost of \$10 million to the CCC. So an organization that is an emergency recipient would be able to demand of the Department certain processing and the Department would be legally obligated. We might well expect to be sued if there are any problems encountered in meeting those demands of the recipient agencies. That is why I refer to it as creating a sort of entitlement.

Mr. EMERSON. I have a series of questions that I would like to submit to the witness, to receive answers in writing, rather than detaining him here while we recess to go vote.

Mr. BODE. We would be pleased to answer those, sir.

Mr. EMERSON. I would appreciate it.

Mr. PANETTA. If you would do that and make them available to all members of the subcommittee, I would appreciate that.

Mr. BODE. Yes, sir.

Mr. PANETTA. All right. The questions are so submitted.

[The questions and answers follow:]

1. Q. H.R. 1590 provides that "emergency recipients" - that is the food banks and hunger centers - will receive priority in the distribution of surplus commodities. Based on the information we have received these groups would receive between 1% and 5% of the commodities distributed under this bill. Does the Department have any estimates on the amount these groups would receive?

A. The Department has made the assessemnt that the likely upper limit of commodities to be provided to "emergency recipients" under this act would be the amount requested by States for distribution to such recipients. Other outlets would only be offered such commodities as then remained available in CCC inventories after needs for certain sales contracts, the Food Security Wheat Reserve and the Payment-in-kind acreage diversion program were satisfied.

Our experience with the distribution of cheese and butter tells us that "emergency recipients" would require as much process cheese and butter in prints as we could have commercially produced from inventory or that we could acquire through direct purchases. They could likewise totally exhaust our milling capacities for rice and corn. It is our estimate that as much as 70% of food ordered under this bill would be for "emergency recipients" and that that would exhaust almost 100% of the processed commodities that would be available. Schools and other traditional outlets would have to accept cheese in block cheddar for, butter in 68-pound blocks, etc. We are assuming that "emergency recipients" under this bill would encompass the same type institutions currently participating under the Special Cheese and Butter Distribution.

2. Q. Can USDA tell us the total value or the amount of commodities that would be distributed if H.R. 1590 is enacted? What are these commodities?

A. Following is the projected distribution under H.R. 1590 in millions of pounds.

<u>Commodity</u>	<u>FY 1983 (4th Quarter)</u>	<u>FY 1984</u>
Flour	31.2	124.8
Cornmeal	10.4	41.6
Rice	15.6	62.4
Soy products	19.5	78.0
Honey	2.1	8.4
NFD milk	13.5	54.0
Cheese	105.0	420.0
Butter	75.0	300.0

3(a) Q. Please explain the current food distribution system.

A. USDA ships food available for donation to central unloading points in States at no cost to them. State distributing agencies which have been designated by governors or legislatures and approved by the Department, enter into agreements with USDA whereby they arrange for storage, transportation, and distribution to the eligible recipient categories. FNS encourages distributing agencies to arrange with commercial processing firms on behalf of schools and other recipient agencies to have donated foods converted into more varied and usable end products.

Distributing agencies are responsible for determining the eligibility of recipient agencies and must enter into written agreements with the outlets to which foods are delivered. In addition, the agencies are responsible for monitoring and reviewing their operations to ensure that food distribution is conducted in accordance with USDA regulations and policies.

Apart from limited discretionary funds available under the Child Nutrition Act of 1966, which are provided to assist in commodity distribution to schools, USDA does not provide administrative funds in the program. A few distributing agencies receive State-appropriated funds, but most finance their storage and distribution operations through assessments to recipient agencies.

3(b) Q. What is the Federal cost to distribute surplus dairy products to the States?

A. The Federal cost is as follows:

<u>Costs to USDA</u>	<u>Cheese</u>	<u>(Per Pound)</u> <u>Butter</u>	<u>NFD Milk</u>
Actual purchase price	\$ 1.365	\$ 1.490	\$ .940
Repackaging and/or reprocessing	.120	.050	.140
Average cost of storage	.036	.039	.013
Average cost of delivery	.033	.032	.025
TOTAL	\$ 1.554	\$ 1.611	\$ 1.118

3(c) Q. What is the state cost to distribute within the state?

A. States are assuming all intrastate distribution costs, which include the cost of storage and handling at the state level and transportation to the distribution sites. The range of these costs is large - varying from \$ .025 per pound to \$ .13 per pound. We have calculated that the average cost being incurred by the states is \$ .0625 per pound.

4(a) Q. Can you give us some examples of effective methods State use to distribute surplus dairy products?

Several good examples are included on page 5 of Deputy Assistant Secretary Bode's testimony before the Subcommittee on March 22, a copy of which is attached.

Mr. PANETTA. We will recess for 10 minutes and then come back and pick up our witness list.

Mr. Bode and the other members who testified with you, we appreciate your coming. I am not altogether pleased with the tone of your testimony, but I have a feeling that this is a snowball that began rolling a long time before you walked into it.

Mr. BODE. Thank you, sir.

[Recess taken.]

Mr. PANETTA. The hearing of the subcommittee is back in order.

The next witness is the Honorable La Verne Ausman, who is the Wisconsin secretary of agriculture. I understand, Mr. Gunderson, you are here to help introduce him.

Mr. GUNDERSON. Thank you, Mr. Chairman. I just want to take this opportunity to welcome the secretary of agriculture in Wisconsin to both the subcommittee and our full committee. I happen to serve on both the Agriculture Committee and Education and Labor Committee, as you are aware, and through those assignments have been very interested and involved in the whole area of commodity distribution.

Secretary Ausman has been in charge of the commodity distribution program in Wisconsin and, therefore, I believe he can give us some insight into the problems that we are all aware of, particularly from the perspective of what the States have faced in trying to distribute excess commodities.

One final word. I must add, with a small bit of parochial pride, the fact that for the past few years Mr. Ausman has been secretary of agriculture in Wisconsin. Before that, he was my home secretary in Wisconsin's Third District. So I lost him, but it was the State's gain and we welcome him back to Washington.

Mr. PANETTA. Thank you, Mr. Gunderson.

Mr. Ausman, thank you for coming. We appreciate having you testify. You may proceed as you wish.

#### STATEMENT OF LA VERNE AUSMAN, SECRETARY, WISCONSIN DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION

Mr. AUSMAN. Chairman Panetta, it is a pleasure to have the opportunity to participate in this hearing. I am encouraged that Congress and the administration is interested in this important issue.

I concur with your opening remarks relative to the intent of this proposal, relative to some of your problems as they have been relayed to you, and really want to share some of our experiences in dealing with the program in Wisconsin.

In December 1981, when President Reagan announced that the Federal Government would be making surplus cheese available for distribution, the Governor of our State designated the department of agriculture, trade and consumer protection, the department of health and social services, and the department of public instruction as the agencies responsible for distribution at the outset. Our department of agriculture, trade, and consumer protection was appointed the lead agency and we have directed the program since that time. This was really a new responsibility for us that had to

be accommodated within our existing program, without our existing budget.

The department of agriculture, trade, and consumer protection has had three distributions so far in Wisconsin, a total of 806,000 pounds of butter and 3.8 million pounds of cheese. Within the next few weeks—in fact, the first 2 weeks in April—we will be distributing another 2.1 million pounds of cheese and 1.2 million pounds of butter.

It has been very popular since its inception. It is now considered an essential part of many needy people's diet as they have become aware of this program. It is evidenced by the fact that we have had more than double the distribution in the upcoming program of cheese and butter than has been distributed in the past. Approximately 200,000 persons were reached the first time around, and now we are up to 400,000.

I think that is for a number of reasons. They are becoming more familiar with the program. There was some apprehension of coming in and getting commodities the first time around. We have seen that disappear. Of course, with unemployment approaching 11 percent in Wisconsin, we can expect that that number of people will stay relatively constant.

I think the success of Wisconsin's program, while it has been directed by our department, is clearly the result of the cooperation we have received from community action agencies, social service departments, county offices on aging, emergency government offices, and many other volunteers such as local food pantries and Future Farmers of America and the industry.

The dairy industry itself and other farm organizations have been very helpful in the distribution to various points around the State. This volunteer program has kept the cost to the State at a minimum. Our agency had an out-of-pocket cost of about \$24,000 in three distributions. If you take a look at the value of the product we were putting out there, it is tremendous. The cost to local coordinators for 72 counties is approximately \$63,500 per distribution based on their figures.

Now that, of course, involves that great mechanism that is volunteered out there. The total cost estimate for the four distributions of 5.8 million pounds of cheese and 2 million pounds of butter is running around \$300,000.

On November 30, 1982, when Secretary Block announced the extension of the distribution of surplus cheese and butter to the needy through December 1983, with Government stocks continuing to build and the recent announcement that nonfat dry milk will soon be available, it appears that this program will continue maybe even past this date. I guess that is part of our concern as we look ahead.

The expansion of the program from cheese to butter and now nonfat dry milk and other products has been beneficial to those programs, but with additional commodities comes additional storage and additional handling costs. Of course, the distribution of butter brings a major problem in that it has to be stored at freezer temperatures which is more costly. We have been operate as part of the benefits of being in Wisconsin, the cold winters and whatnot,



where sometimes very limited refrigeration is needed, especially for cheese.

The volunteer system which we were able to set up has done an excellent job. However, there are indications that without some sort of financial assistance, many of the cooperating agencies may not be able to continue the surplus commodity program in their budget.

While I feel that past distributions of cheese and butter have been successful and at certainly minimal costs, it is getting more complex.

An example. We had not been charged for any storage, for handling, by the 18 participating warehouses for the first two distributions. We had about 18 warehouses out there. They were running it through at no charge, an industry contribution. However, the last distribution we had a couple of warehouses that did bill us, and we are seeing a little of that on the upcoming one. It appears highly likely that this trend will continue. If we have to pay these costs, it could be about \$8,400 for cheese, \$6,000 for butter, and we just don't have that kind of dollars available because we are already taking it out of an existing budget.

As we look to the future, it would seem that we should plan that this distribution program for surplus commodities would be on an ongoing basis. In order to really carry this out, we do need permanent storage, or arrangements, anyway, plus a distribution system that could be repeated at short enough intervals to get enough product out in the most efficient way.

One of the things they wanted to do with butter was distribute it every 30 days. We can't do that with our present volunteer system. You can only go to the well so often. Our agency does not have that ability. My conversations with other States would indicate the same thing. In fact, many States have just backed away from the program because of that.

It would appear that if the State of Wisconsin is to continue in this commodity distribution program, we really only have one alternative—money must be appropriated to the State to cover transportation and storage costs, or we have to generate it at the State level. This proposal, which gives 5 percent of the value of the product, would certainly be very helpful. Other programs would be helpful, based on other distribution figures that we have looked at.

Based on our experience, in discussion with the many groups that we work with, we think that what is being proposed here would be most helpful.

In summary, the surplus cheese and butter distribution program has worked very well in Wisconsin up to this point. We are happy with how we got it out to the people, the people that we have reached. Now we are faced with dealing with this on an ongoing basis and I think the volunteer system is starting to give us some problems. We know it is. However, the size and scope of this special program today, and the projections for it in the future, have created a need to establish some assistance of a permanent nature which would adequately fund the States. I guess I am encouraged by the process to date and encouraged by some of the things we see.

I happened to be in Washington at this time and was aware that this was going to be before you, so I just wanted to share some of our thoughts and experiences.

Mr. PANETTA. Thank you very much, Mr. Ausman. We appreciate your doing that.

Have you had an opportunity to look at the legislation?

Mr. AUSMAN. Yes.

Mr. PANETTA. Do you support the basic thrust contained in the legislation?

Mr. AUSMAN. The basic thrust seems to address—I think you are addressing it with adequate funds based on our experience, and addresses the major concerns that we have.

Mr. PANETTA. I guess your concern is that if, in fact, we were to proceed as I guess the administration suggested in its testimony, that they're going to be bringing other commodities into it, that as that program expands you are concerned about the additional costs that are going to be involved as you try to distribute those commodities; is that a fair statement?

Mr. AUSMAN. Yes. We can add some other commodities with relatively low cost, especially nonfat dry milk, which has limited storage problems. The real hooker is things like butter and cheese when you operate in the summer. Butter in 1-pound prints, even in Wisconsin, for 8 months of the year, you had best well have good storage or you have a problem out there with the product, product quality, in the delivery system. That gets us into trouble and that is where we get storage costs.

Let me say, our experience in Wisconsin in dealing with the USDA—and there has been some concern expressed here about delivery, et cetera—ours has been pretty good. Occasionally we would hear that something was happening, or we would hear that product is being moved out of this warehouse to this warehouse and we would ask why. We would get on the phone to Kansas City and make them aware of all the things that are going on, and they have been very cooperative. We have usually been able to head off our problems in advance just by good communications. I happened to allocate one person in our agency to be responsible for this as far as coordinating at the State level, and a credit to that person, I guess. We have been able to avoid serious problems of getting a load someplace, without anyone able to take care of it, and we have tried to accommodate the local people the best we can.

We are very fortunate. In cities like Milwaukee I think we have about 400 food banks and a good coordination in Milwaukee. And we're in Madison. Again, good coordination in that county. They, the county, provided the storage. So we could just dump it. They distributed it on a monthly basis. There we could see how effective this could be with just a little help, just stored at a county level, and then put it out as each food bank needs it and can handle it.

Dean County would be an example of what would happen with just a little help.

Mr. PANETTA. Let me just ask you one other question.

You have gone from 200,000 persons served to about 400,000 persons served. Is it your sense that these commodities are hitting the people in need?

Mr. AUSMAN. There isn't any question. We surveyed what happened the first time out and we found that in our rural communities we were not getting rid of the product that we had anticipated. We took the whole State and divided it on a county-by-county basis based on income, and projected availability based on income. The rural communities did not utilize the product, partly I think because a lot of elderly are out there and not accustomed to stand in line to get commodities. We have solved some of that problem now just through education and communication.

We have not found any serious abuses. Now, our monitoring—we don't have the resources to monitor it. We operate under the regular rules. You signup and say you're eligible. We think that is working quite well.

We ran out the last time around. That is why we had to up our quantities. The first two distributions, we never ran out. In fact, we had to shuffle a little around to get rid of it all, which we always did. The third time around we ran out, sometimes in the second day. Remember, that is in December, with winter coming on, the press of expenses of Christmas and all of those things. Maybe that had something to do with it, plus our unemployment was on the increase at that point in time.

Now, that is why the next one that is coming up in April has more product available.

Mr. PANETTA. Thank you, Mr. Ausman. I appreciate that.

Mr. Emerson.

Mr. EMERSON. I don't have any questions.

Mr. PANETTA. Thank you for your testimony. We appreciate your coming here and giving us your guidance.

Mr. AUSMAN. Thank you, Mr. Chairman.

Mr. PANETTA. The next witnesses are Mr. Lee Stambaugh, who is president of the National Association of State Agencies for Food Distribution, and Mr. Marshall Matz, who is counsel for the American School Food Service Association.

Gentlemen, thank you for coming to the subcommittee and testifying. You have obviously been tracking this issue around Capitol Hill and I appreciate the work you have done, and appreciate your taking the time to testify.

You may proceed as you wish, giving either your statement or a summary of the statement.

#### STATEMENT OF E. LEE STAMBAUGH, PRESIDENT, NATIONAL ASSOCIATION OF STATE AGENCIES FOR FOOD DISTRIBUTION

Mr. STAMBAUGH. Thank you, Mr. Chairman.

My name is Lee Stambaugh. I represent the National Association of State Agencies for Food Distribution. Most of our member agencies are involved in the distribution of butter and cheese. However, there are some differences between the State agencies that handle that aspect of distribution and those that handle the regular outlets.

Mr. Chairman, our people in the State distributing agencies appreciate this opportunity to comment on H.R. 1590, and to offer some insights into the needs that the bill addresses. We have gained those insights by serving as the link between USDA and the

school lunch programs and other agencies in our States which are the recipients of donated commodities. Our comments are offered to help make the bill as effective as possible in achieving its objectives.

We welcome the bill. It provides the means to solve immediate problems in furnishing foods to the unemployed and others who might go hungry. We have had to deal, until now, with a lack of funding to distribute the available dairy products to emergency food operations. Despite the utmost efforts by State agencies, the use of unconventional methods, and cooperation of volunteers, we have been frustrated in our efforts by lack of funds.

Among the greatest frustrations is the lack of a clear-cut, enduring Federal policy on the donation of commodities that are in large surplus. That policy changes drastically from time to time. A few years ago, grain, oil, peanut, and dairy products were available to recipient agencies on an as-needed basis, when surpluses of farm commodities were much less than today. Currently, only dairy products out of this group of commodities are "bonus". While grain farmers are going out of business due to depressed crop prices and inadequate returns, recipient agencies are unable to obtain the volume of these products that they could use because of a restrictive "entitlement" policies.

What is needed is a policy mandated by Congress, such as that stated in the bill. H.R. 1590 leaves no loopholes in its mandate for distribution of surplus commodities to emergency feeding operations.

However, the bill does not make it certain that school lunch programs and other regular recipient agencies will receive any of the surplus commodities that exist today. The bill in its present form allows a Secretary of Agriculture to give priority to other commitments before donating those commodities to regular recipient outlets. We question whether school lunch programs and others will receive any flour, for example, when this bill is enacted and Federal officials then interpret what they are required to furnish, if anything.

It was the intent of Congress, when it established the National School Lunch Act and the Child Nutrition Act, that USDA should donate surplus commodities to school lunch and other child nutrition programs for the benefit of the farm community as well as the Nation's children. H.R. 1590 can reinforce that by mandating the donation of the surplus commodities to regular recipient agencies in the same way it does for emergency feeding operations.

We welcome the provision of H.R. 1590 that provides a basis for paying the costs of distributing to regular recipient agencies, as well as the more comprehensive funding for emergency feeding operations. We find, however, that we might run into difficulties because of the details of the funding for distribution to regular recipients.

It is good that subsection (5)(A) requires USDA to pay State agencies for the actual costs incurred in storing, transporting, handling and distributing the commodities covered by the bill. But the subsection as currently written includes language that imposes a ceiling of 5 percent of the commodities' value for such reimbursement. We ask that that language be changed and reimbursement be

made solely on the basis of actual cost. Because of the differences in the values and weights of the commodities, the differences in the distances and delivery systems in each State, it is not possible to establish a workable reimbursement rate in terms of percent of value or cents per pound.

We are especially concerned by the language in subsection (5) that says "State agencies may not charge eligible recipients for any costs incurred by State agencies in carrying out the distribution program under this subsection."

We do not want to charge school lunch programs or other recipient agencies. But the fact is that many States have no other choice but to pass along costs in carrying out the regular distribution program. They do it when funds for that purpose are not available from any other sources.

We would like to see a solution that does away with the necessity of passing through to recipient agencies the costs of intrastate distribution. H.R. 1590 goes a long way toward that goal. It achieves the goal completely in the case of the emergency feeding operations. And it is possible that its funding provisions will be sufficient to cover distribution to the regular recipient agencies. But if, because of a dollar cap or a percentage of value cap or cents-per-pound cap, the funding turns out to be incomplete or inadequate, there will be no other course than to pass through the remaining costs to the recipient agencies. We ask, therefore, the language be changed to say that "State agencies may not charge recipient agencies in excess of State costs of storage and distribution, minus the reimbursements the State agency receives from USDA."

H.R. 1590 rightfully calls upon USDA to implement the bill promptly, within 30 days of enactment, and issue regulations at the same time. We ask that the bill specify that paperwork required of recipient agencies and the State distributing agencies be kept to a minimum. And, as State agencies, we are willing to work with USDA in establishing those guidelines.

H.R. 1590 makes it possible to make the food distribution program work better. The State agencies are ready to do their part in putting H.R. 1590 into action. We want the recipient agencies to get all of the commodities that can be made available, and we want to get those foods to them as quickly as possible.

I have attached to my testimony a description or insight into the food distribution program that gives some of the background information for the program, and also copies of letters from State and local agencies concerning their problems with the distribution of butter and cheese and the current time.

Thank you for the opportunity to present my views. I will welcome any questions.

[The attachments follow:]

## INSIGHTS INTO THE FOOD DISTRIBUTION PROGRAM

Policy Decisions at the Federal Level

From time to time, policy decisions have prevented the Food Distribution Program from serving its dual role as fully as it was set up to do.

Congress created the Food Distribution Program in the 1930s to help deal with unsold surplus crops, inadequate farm prices, and nutritional needs of American children, by authorizing USDA to purchase such foods and donate them primarily to school lunch and to other nonprofit food services. It is one Government program in which each dollar does the work of two: The same dollar that provides schools with nutritious foods also helps to stabilize the farm economy.

USDA makes the foods available to school lunch as "entitlement" or "bonus."

1. In what has come to be known as the "entitlement" program, USDA decides each year which commodities should be purchased for distribution and how much of each commodity to buy. Those decisions are shaped by the relative supplies and farm prices of the commodities, the needs and preferences of recipient agencies, and -- above all -- by the total Federal dollars committed for the purchases in that year.

Schools and other recipients often do not receive as much of the available commodities as they could use. In some cases, USDA's purchases of a commodity are not large enough to satisfy the needs of recipient agencies. Moreover, the formulas under which USDA allocates commodities within its overall outlay put a "cap" on the total quantity of commodities that a school lunch program can obtain. This means that schools frequently have to forego available commodities because they have used up their "entitlement." Currently, school lunch programs are entitled to receive commodities at the level of 11.5 cents for each lunch -- a minimum mandated by Congress which USDA treats as a maximum.

2. "Bonus" commodities are so named because they go to recipient agencies above and beyond "entitlements," some in any quantities they can use without waste. This is done to help reduce extreme surpluses. The Secretary of Agriculture is authorized to donate such surplus foods from CCC stocks, or to use CCC funds to purchase other surplus, price-supported commodities for which it does not hold title, for distribution as "bonus" commodities. Until a few years ago, this authority was exercised regularly. In FY 1978, for example, USDA distributed 18 different "bonus" commodities. Since then the policy has changed, limiting "bonus" items almost exclusively to dairy products held in CCC inventory.

Over the years, Congress has taken action when USDA has not exercised its authority to distribute commodities at optimum levels.

In 1974, for example, USDA stopped purchasing flour and vegetable oils as a result of the initial Soviet grain deal. Some authorities took the position that Soviet purchases henceforth would eliminate surpluses, and that commodity distribution should be ended.

Congress, however, quickly passed legislation requiring USDA to resume distribution of flour, oil and shortening to school lunch programs. Congress further ordered that USDA regularly supply schools with commodities they typically had been receiving, whether or not they are in surplus, in order to maintain the viability of the distribution program. This mandate put special emphasis on supplying meats and meat alternates.

To make sure that commodities in general will be furnished to schools at meaningful levels, Congress mandated that USDA each year provide donated foods to school lunch programs at a specified minimum average value per lunch (now 11.5 cents).

Now there is a need for legislation requiring USDA to distribute as "bonus" items those commodities that are in enormous surplus. At the same time, there is a need to fund such distribution, not only to emergency feeding programs but also to the regular recipient agencies.

#### How Commodities Are Distributed

A review of distribution systems sheds light on the need to fund the distribution of "bonus" commodities.

USDA ends its distribution responsibilities by turning over commodities to a designated agency in each state. In a majority of states, that agency is part of the Education Department because by far the largest share of commodities goes to school lunch programs. In other states, the agency might be part of agriculture, general services or other departments.

Within each state, the distribution agency can choose from different types of systems for delivery of commodities to recipient agencies. The systems vary, depending on the size of the state, the relative number of very large school districts and remote districts, and the general lack of funding to pay distribution costs.

-- One system is to schedule USDA shipments for strategic locations in the state, and notify recipient agencies to make their own car-door pickups at specified times and places. This practice was widespread from the early days of commodity distribution, but it has given way to other systems because of inherent handicaps. Scheduled arrival times of USDA shipments are not always precise. Also, most school districts lack satisfactory vehicles for transporting frozen or refrigerated commodities.

-- A few states years ago established their own warehouses to receive USDA shipments, and provide deliveries to recipient agencies.

-- Other states route USDA shipments to commercial warehouses, and either arrange delivery to recipient agencies or schedule pickups by them at the warehouses.

-- Currently there is a movement to the use of commercial food distributors for deliveries within a state. This change is being made especially in states which had been using car-door pickups. State agencies schedule USDA shipments to the warehouses of commercial food distributors in strategic areas of the state. Those distributors are the sources of much of the foods that school lunch programs buy commercially. For contracted fees, they store and deliver the commodities as requested by local school districts, on the same trucks that deliver the schools' purchases.

-- USDA has been improving its own distribution practices. When a school food service program is large enough to warrant sizeable shipments, state agencies arrange, in some instances, for those shipments to go directly to that district, without any intrastate costs. But only a relative handful of school districts are large enough to qualify. Also, USDA now has set up procedures for emergency feeding programs to pick up dairy products at warehouses where USDA stores them or assembles them in various states. Those warehouses, however, are not within reasonable distance of many food banks, food pantries and soup kitchens. And USDA's warehousing practice does not include flour or other commodities which would become "bonus" items under proposed legislation.

-- Large quantities of commodities, particularly bonus items, are available to recipient agencies in a variety of manufactured end products under processing contracts negotiated by states with food manufacturers. The cost of these products are reduced by the value of commodities contained in a unit so that commodities can be used more effectively by recipient agencies. These commodities are normally shipped directly to the manufacturer's plant by USDA at the request of states.

#### The Lack of Funding

When the commodity distribution program was initiated, provision was made for funding USDA shipments to the states, but not for distribution within the states. What evolved in closing that gap was a situation comparable to the experience with funding of the National School Lunch Program.

The original National School Lunch Act required that each Federal dollar appropriated for the school lunch program be matched by three dollars from sources within a state. The legislation was interpreted to allow pupil lunch payments to count as matching funds.

In the case of commodity distribution, some states appropriate varying portions of the cost of intrastate distribution. Most are not able to do so. As a result, the intrastate costs of storing and transporting the commodities generally are passed through to the recipient agencies. This is usually done on a per-case basis. Such charges can vary widely from state to state, depending mainly on the degree of distribution services provided to recipient agencies, such as storing and delivery by commercial distributors.



The several versions of legislation introduced in both houses of Congress partially address the need for funding of intrastate distribution. They specifically provide funding for distribution to emergency feeding operations. But the funding of distribution to regular recipient agencies has not been clearly defined in those bills.

Some of the bills, for example, provide for funding of intrastate distribution together with funding of distribution to emergency programs and their costs in handling the commodities, and funding of further processing contracts to be administered by USDA. But the dollar cap put on that overall funding, and the priority given to funding of emergency feeding needs and to processing contracts creates doubts as to how little, if anything, will be left for intrastate distribution to regular recipients.

Clearly, it is the intention of the proposed legislation to put our large farm surpluses to good use at a time when school lunch and other food programs are finding it very difficult to operate on reduced budgets. If adequate funding is not provided for intrastate distribution to regular recipient agencies, the availability of "bonus" commodities will not be as much help as envisioned.

The states at this time are in no position to appropriate funds for this distribution. Budgets in almost every state are being sharply curtailed.

What is needed in the proposed commodity legislation is a commitment to pay each state an amount equal to the costs of distributing within the state the commodities to be provided under the new legislation.

Some versions of the proposed commodity legislation specify a formula for paying the costs of intrastate distribution. One version specifies up to 5 percent of the commodities' value. Another version specifies up to 5 cents per pound. The latter is preferable because it is more realistic in relation to the weights and values of flour and other commodities that would be declared "bonus."

Included in some versions of the proposed legislation is a clause that unintentionally could bring distribution to a standstill. That clause forbids the charging of recipient agencies for any costs of distribution. But if, for any reason, the proposed commodity legislation does not result in full funding of the intrastate distribution of the "bonus" commodities, the distribution could not continue unless recipient agencies paid the distribution costs. That clause should be eliminated from the new commodity legislation to prevent any possible breakdown in distribution.

### Administration

The proposed legislation rightfully calls for a minimum of paper-work in connection with the distribution of commodities it would make available as "bonus," particularly in the case of emergency feeding operations.

At the same time, it is necessary to specify exactly the kinds of costs of those operations that would be funded by the new legislation. We want to expedite the distribution of these commodities. But at the same time we are all too familiar with past patterns of urgently needed new procedures: First there is the encouragement to proceed quickly, under vague guidelines. Later comes an audit, by the Food and Nutrition Service, by the Office of USDA's Inspector General, or the General Accounting Office, which retrospectively finds fault with the way actions are taken for which the guidelines were inadequate. Putting specifics into the legislation will eliminate guesswork and unintentional straying into what later will be called faulty administration.

### Staffing

In one hearing on proposed legislation, a question was raised about the possible creation of a bureaucracy to administer the distribution of new "bonus" commodities. We fail to see how this could happen.

The existing commodity distribution program is handled in most states with a very small staff in regard to the volume of commodities it administers. In Virginia, for example, a staff of 11 is responsible for all activities in the distribution of commodities to 2,000 sites. In Arkansas, a staff of three serves 543 regular recipient agencies. Most state agencies also administer and monitor statewide processing contracts, and have worked creatively to put dairy products into the hands of emergency feeding operations in the absence up to now of funding for that purpose.

The proposed legislation will add to the workload of state distribution staffs. Any increase in staffing to handle the additional workload will be rare, and minimal. Nearly all states have imposed statewide hiring freezes, which apply even if such positions would be Federally funded.

The state agencies welcome the improvements in commodity distribution that the new legislation would bring about.

###

THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
MUNICIPAL BUILDING  
NEW YORK, N.Y. 10007

HARRISON J. GOLDIN

RECEIVED  
MAR 21 1983  
DISTRIBUTION SERVICE

March 16, 1983

Mr. E. Lee Stambaugh, President  
National Association State Agencies  
for Food Distribution  
P. O. Box 1163  
Richmond, V. A. 23209

Dear Mr. Stambaugh:

My recent study of the Federal Dairy Surplus Program reported that, shockingly, the Federal government maintains a 2.4 billion pound stockpile of cheese, butter and milk. Tragically, especially at a time of increasing human need, some of this food is turning to rot.

The Federal government will spend some \$2.2 billion this year to purchase surplus dairy products. Financing and storage charges alone add an additional \$1 million to the cost each day. Ironically, the cost of this program nearly equals Federal budgetary cuts for Food Stamps, Medicaid and Aid to Dependent Children combined.

I have written to the President, the Secretary of Agriculture and members of Congress to urge that they revise the Dairy Surplus Program to assure that the foodstuffs involved are made available to those in need during a period of high unemployment and reduced government assistance. Specifically, I have called on the Federal government to make at least 280 million pounds of dry milk, 220 million pounds of cheese and 50 million pounds of butter available immediately for distribution to the needy. I have also asked the President to provide modest help to states and local organizations for the distribution of this food.

While I have received replies from many members of Congress agreeing with my program, the President and the Secretary of Agriculture have not yet agreed to act. To end this national scandal we will need to mobilize all those who are repelled by the image of surplus food rotting in storehouses while Americans starve. Hence, I urge that you write the President, Secretary of Agriculture John Block, the Chairmen of the Senate and House Agriculture Committees, Senator Jesse Helms and Representative E. de la Garza, Senators Moynihan and D'Amato and your Congressional Representative. Hopefully, a massive community reaction will impel our leaders in Washington to act.

- 2 -

I thought you might be interested in seeing my own letter to the President, as well as my report, and am enclosing copies of both herewith.

Every good wish.

Sincerely,

Hanson A. Hall

Encs.



HARRISON J. GOLDIN  
COMPTROLLER

THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
MUNICIPAL BUILDING  
NEW YORK, N.Y. 10007

September 1, 1982

Honorable Ronald Reagan  
The White House  
1600 Pennsylvania Avenue  
Washington, D. C. 20510

Dear President Reagan:

At a time of increasing human needs, it is disturbing that part of the Federal government's two billion pound stockpile of cheese, butter and milk has been in storage for so long that it is turning to rot.

Just this year, the Federal government will spend about \$2.2 billion to purchase surplus dairy products. Each day, financing and storage expenses alone add an additional \$1 million to the cost of the program. Ironically, the cost of this program nearly equals the Federal budgetary cuts next year for Food Stamps, Medicaid and Aid to Dependent Children combined.

While some efforts have been made to distribute surplus food, for every pound of dairy products which the Federal government has given away, three pounds remain in storage. To avoid waste and meet the needs of the unemployed and poor, I urge that you increase the rate at which the Federal government is distributing surplus cheese and butter. I also request that you make at least 280 million pounds of dry milk available immediately for distribution to the poor and others in need.

Expansion of the dairy distribution program will be possible only if the Federal government provides modest funding to the states to cover their costs of transportation and distribution. Such funds could easily be provided by requiring the Commodity

Credit Corporation to put one penny into a special fund for every dollar it pays to buy agricultural products. This would generate sufficient funds to give the states about four cents in expense money for every pound of food they distribute. This could make the difference between participating in the program and foregoing the opportunity to help those in need.

I am enclosing a copy of my report on this matter. I hope that you will move quickly to avoid the possibility of large quantities of food going to waste at a time of great need.

Sincerely,

Harrison J. Hall

Enc.



MISSOURI  
DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF FAMILY SERVICES  
P.O. BOX 88  
JEFFERSON CITY  
66183

CHRISTOPHER S. BOND  
GOVERNOR

FOOD DISTRIBUTION SERVICE

March 15, 1983

The Honorable Thomas F. Eagleton  
United States Senate  
Room 1213, Dirksen Senate Office Bldg.  
Washington, D.C. 20510

and: The Honorable John C. Danforth  
United States Senate  
Room 460, Russell Office Bldg.  
Washington, D.C. 20510

Dear Senator Eagleton:

We have reviewed and evaluated Senate Bill #17 and House Bill #1300. It is believed both bills are very broad and do not define Needy Family Distribution Program needs which per se are basically what the current dairy commodities distribution program by Presidential directive is.

Since the Senate Committee has eliminated mandatory language, our primary concern at this time is that it be restored, whereby the Secretary be mandated to provide funding and additional types of commodities for needy family distribution. The Secretary already has this option or discretion under current laws but has failed to exercise it.

It is believed states under the current dairy items distribution program have established distribution networks and could, with adequate funding, distribute considerably more dairy surplus items as well as other items that may be in surplus, dependent upon USDA's ability to process and provide such items on a timely basis. One of USDA's current problems is processing what they have in storage into a needy family package size for distribution.

Making surplus commodities available as bonus items for charitable institution program and broadening the scope of that program per se presents no problem since it is an established on-going program. The provision of providing commodities to all recipient groups at no charge does present a problem as most states, as well as Missouri, have an established per-unit charge system. Should this item remain, then State Administrative Expense (SAE) funding needs to be resolved as the funds are made available to those agencies administering the National School Lunch Program and not to agencies administering non-school programs, such as charitable institutions, residential child care institutions, summer camps and nutritional programs for the elderly. In Missouri this is a problem since the Department of Elementary and Secondary Education administers the school-lunch program and the Department of Social Services, Division of Family Services, administers all non-school programs.

Senator Eagleton

March 15, 1983

It is further believed that some type of formula needs to be developed to assure that funds are equitably distributed to state agencies for needy family distribution. While both bills did or still provide this, it is not considered equitable. It is believed that funding would be more equitable if based on states' per capita income, poverty index, unemployment rate, etc., rather than a percentage of entitlements and bonus commodities. It appears that perhaps Operating Expense Funds (OEF) which USDA already has but only is currently available for Indian Reservation Needy Family Distribution Program may be more equitable.

One of our other primary concerns is that neither bill defines eligibility requirements other than the Secretary shall keep them at a minimum. This is very broad as what is considered a minimum by USDA may not be to us and other states. Any detailed eligibility requirements would be burdensome and costly. For uniformity and program integrity purposes, we would suggest unemployed, handicapped, 60 and over, and poverty guidelines might be used.

We believe there is considerable need for direct distribution of surplus commodities to needy persons and/or families but our ability to do so is greatly impaired without adequate funds for storage, delivery and distribution purposes.

We appreciate the efforts you and other Missouri members of Congress are making to rectify program inequities. We urge your and others continued support to assure the final outcome of this legislation is one we and other states can live with.

Very truly yours,

  
Paul C. Spicer, Supervisor  
Food Programs Issuance

PCS/lf

cc: U.S. Congressmen: William L. Clay  
Robert A. Young  
Richard A. Gephardt  
Ike Skelton  
Alan Wheat  
Tom Coleman  
Gene Taylor  
Bill Emerson  
Harold L. Volkmer

E. Lee Stambaugh, President  
National Assn. of State Agencies  
for Food Distribution



CAMDEN COUNTY CHAPTER  
 AMERICAN RED CROSS  
 312 COOPER STREET  
 CAMDEN, N. J. 08101

The Camden County American Red Cross, lead agency for food distribution projects in Camden County successfully distributed 10,080 cases of surplus cheese to needy local residents during the week of October 11, 1982. Tractor trailer trucks made deliveries to the Cherry Hill National Guard Armory and the Camden City public works garage where county and city agencies obtained cheese for their clients.

Each municipality and agency or church was given an appointment time when their cheese could be picked up. Over 64 agencies and 35 municipalities participated. Through the efforts of the Camden Ministerium, nearly all inner city churches arranged to distribute cheese from their locations. The Office on Aging, Rutgers University and the Black Peoples Unity Movement were among other large groups participating.

Distribution of cheese to the needy was held on October 14 at County locations and October 15 at Camden City locations. Extensive press coverage was afforded us by the Courier-Post, Philadelphia Inquirer and area television and radio stations. Contact 609, 24 hour crisis line and the Red Cross fielded the information call, about specific sites. Local communities sent flyers home with school children, ran ads in local papers and used church bulletins for information dissemination.

The only difficulty encountered was the problem of staggered delivery days. Having cheese available in one part of the County and not in others is a potentially explosive situation and should be avoided in further distributions. Other smaller problems included one newspaper's printing of inaccurate information and several groups distributing before the announced date. A political situation in one community caused friction between the young and old potential recipients.

The County Freeholders supported our efforts by providing workers to unload trucks and making available Health Department personnel and sites in Camden City for cheese distribution.

Red Cross Disaster action volunteers acted as checkers and verifiers in assuring that proper persons with identification received a group's allocation.

The allocation process itself was smoothly run, with most groups taking what they could effectively handle. Several sites were out of cheese by 12 noon and these sites will be considered for larger allotments in the future.

A complete cost breakdown is included with this report.

Submitted by,

Camy Trinidad, Director  
 Community Volunteer Services

CAMDEN COUNTY CHAPTER  
AMERICAN RED CROSS

CHEESE DISTRIBUTION PROJECT.....October 1982

## EXPENDITURES:

Salaries of those directly involved	2,498
Salaries of switchboard and clerical	350
Transportation	164
Supplies	145
Postage	60
Answering Service for after work hours	87
	<hr/>
	\$3,304

Passaic Co. Distributing Agencies Report 12/82  
( from a sampling of 9 returned of 11)

Cheese was distributrd to all categories of eligible persons and families: seniors, county & city welfare, nutrition program parents, housing tenants, church congregations, unemployed, etc.

Ease of distribution:

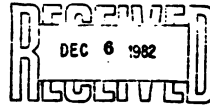
Very smooth	3	Troublesome	1
Pretty smooth	4	Very troublesome	0
So-so	1		

Suggestions for change:

1. Give more than 48 hours notice of delivery date
2. Local groups would establish more distribution sites
3. Pre-registration is good
4. Needed: an easy to recognize ID for qualifying persons

Factors contributing to success:

1. Cooperation by all concerned
2. Volunteers
3. Varied distribution sites
4. Contained clientele
5. Prayer!
6. Pre-registration

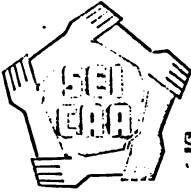


Publicity: fliers, local notices posted, newspapers, word of mouth

Costs:

Volunteer hours as reported by 9 agencies: 342

Copies	\$796.20	Postage	\$37	Transportation	\$ 2,353.97
Publicity	\$80	Storage space	\$200	Other (staff)	\$336



**Southeastern Idaho Community Action Agency, Inc.**  
*"Partners in Service"*

PHONE (208) 232-1114  
 P.O. BOX 940  
 POCA TELLO, IDAHO 83204

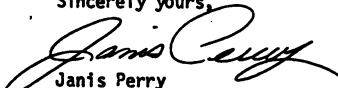
March 16, 1983

Congressman George Hansen  
 1125 Longworth House Building  
 Washington, DC 20515

Dear Congressman Hansen:

We are in support of HR 1590 which would open up bonus-type commodities distribution with mandatory funding for administrative costs. We feel it is very important with the economy as it is that any surplus food should be given to those who are in need. Any organization that is involved with such distribution will need help with administrative expense, but the need for food is very pronounced in this area, as you know.

Sincerely yours,

  
 Janis Perry  
 Executive Director

CC: STANLEY

**RECEIVED**  
 MAR 21 1983

FOOD DISTRIBUTION SERVICE

## EASTERN IDAHO SPECIAL SERVICES AGENCY

P. O. Box 1098 — Phone 522-5391

IDAHO FALLS, IDAHO 83402-1098

RECEIVED  
MAR 21 1983

March 16, 1983 FOOD DISTRIBUTION SERVICE

The Honorable George Hansen  
1125 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Hansen:

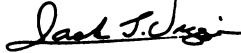
I am writing to urge your support for H.R. 1590 relating to the distribution of surplus commodities.

As the Agency responsible for the distribution in nine Eastern Idaho Counties, the current system places us in a very difficult position. We are a private non-profit organization working under grants and contracts which restrict the uses to which funds can be assigned. Under the old Economic Opportunity Act, our local board had great flexibility in the determination of local needs. Current practice has taken options out of their hands and placed them in Boise or Washington D.C.

We admire and support the Presidents initiative to reduce the quantities of stored commodities by distributing them to people in need. However, no provision has been made to pay for local storage and distribution costs. The capacity to meet those costs is either limited or non-existent in an Agency such as ours.

Our staff is both willing and anxious to assist in this important effort. We do not ask that the staff time investment be covered. Most of the work will be done by volunteers. But, we respectfully request your support for the provision of basic overhead expense reimbursement to the Agencies charged with the distribution of cheese, butter, and such other commodities as may be added to the list.

Sincerely yours,



JACK T. VIGGERS  
EXECUTIVE DIRECTOR

JTV/lp

Mr. PANETTA. Thank you very much.  
Mr. Matz.

**STATEMENT OF MARSHALL MATZ, COUNSEL, AMERICAN SCHOOL  
FOOD SERVICE ASSOCIATION**

Mr. MATZ. Mr. Chairman, I am pleased to be here this afternoon representing the American School Food Service Association. We are a nonprofit association of approximately 60,000 members, people who are responsible for the State and local administration of the national child nutrition programs. I am pleased this afternoon to be able to express our strong support for H.R. 1590 and urge its passage by the Congress.

Federal commodity support, in particular the bonus program, is an extremely important part of the Federal effort to provide nutritious meals to the Nation's children through the school lunch program and other child nutrition programs.

As you know, Mr. Chairman, the 97th Congress reduced funding for child nutrition by approximately \$1.5 billion, which equalled one-third of our total Federal funding. As a result, some 3 million children were forced from the national school lunch program. A third of these children, or approximately 1 million, had formerly received free or reduced price lunches. Were it not for the bonus commodity program, which provided several hundred million dollars worth of dairy products to schools, these statistics would have been even higher. The association believes, therefore, that it is very important to enact the bill that you have introduced, Mr. Panetta.

The provisions of the bill that are of particular importance to us I would just like to highlight briefly, and then perhaps elaborate a little bit based on some more recent changes as a result of yesterday's actions.

The association believes, Mr. Panetta, that perhaps the most important part of the bill is that the legislation adopt an objective and clear standard for when the Secretary is required to distribute commodities. As you know, there has been a substantial debate over the years as to when is there enough, when is there enough for the Secretary to distribute commodities. We are very pleased by the Secretary's actions yesterday in the decision to release some rice and some corn meals. We sought wheat for over a year, however, and while there were hundreds of millions of bushels in storage, they were not forthcoming. It is important, therefore, that the Congress establish some objective standard.

I don't believe that would necessarily be an entitlement in nature. The surpluses have to be there. You are not instructing the Department to go out and buy the commodities if they're not there. But, on the other hand, if they are there, rather than pay storage costs, there should be a clear, ascertainable standard as to when he is required to release those stocks. The current law is too subjective and too subject to interpretation.

We also believe that if the commodity program is going to be effective, you must provide administrative funding for the program. I think that that is perhaps the single most important, or certainly one of the two most important provisions of the bill.

The association perhaps is more experienced than any other group in dealing with the commodity distribution program over the last decade. It has been a program that has been somewhat of a stepchild. It has been neither an agriculture program nor an income security program. It has relied upon volunteers, in fact, to make it work. Many of the frustrations you have been hearing around the country from various recipient groups and food banks and soup kitchens in terms of the frustrations they have had with the delivery schedules and administrative considerations we have shared over the course of years. It is not something that is new or unique to this current administration. It deals from the fact that there is not State administrative expense formula under the commodity distribution program. Without any money, it is very, very difficult to have a reliable program. You get what you pay for, and I think that is true of Government programs as it is true with any commodity you may buy in a store. So it is highly important to fund it.

Their problem there, in my opinion, is that OMB does not, of course, want to get itself into a situation where this becomes a line item in the appropriation. But it only seems to make sense. The Department is talking in very praiseworthy terms of releasing perhaps over 1 billion dollars' worth of bonus commodities, maybe \$1½ billion. I don't understand how it makes sense to release that quantity of food and that value and not be willing to put up \$50 or \$60 million for administrative expenses to make it work. It is just sound good judgment to me, and it would be good judgment for a business and good judgment for the Government to operate that way. You can't rely otherwise, both in terms of volunteer help or even looking to the State.

By the very nature of this program, what is in surplus is going to vary from year to year depending on the weather. Now, how does a State legislature, who perhaps meets every other year, budget accordingly? You must have some Federal funds to make this work.

I would like to just, in closing, urge the committee to delve into the administrative and the logistical concerns that are being expressed. I think, as we saw last night, there is pretty good support for a bill along these lines.

We are concerned that if the Congress legislates in this way of a permanent nature that it have the administrative infrastructure that makes it a credible program. We are very concerned about putting out a lot of commodities and if it isn't administered properly it is going to come back to haunt us, perhaps, all of those who support that type of thing. So I am concerned about coordination within the Department of Agriculture, where there are a variety of different divisions that are responsible for various activities and requires some coordination. It is important to coordinate between the State, Federal, and local governmental bodies that are responsible. Perhaps even some provision in your bill setting up some type of advisory committee that would give some legal standing, so to speak, some committee that would have responsibility for sitting down and meeting with various Department officials to figure out how to coordinate these activities. The logistics of it are extremely important.

If I may continue for just one final second, there were some concerns that were raised in our recent Washington conference of the American School Food Service Association. While the stories were only anecdotal, they point to situations that could become difficult for us to handle. When States get short on money, charges tend to go up to local recipient agencies for that service, if that is their only source of revenue. There has also been anecdotal evidence of the use of perhaps revenue that is produced from schools being used for the distribution of commodities to perhaps other recipients. That is not a large-scale problem but I would like to make sure it doesn't become one. It is a concern that I know the Department, frankly, shares with us. But those types of administrative concerns I think need the attention of the committee.

Thank you very much. We think this particular legislation will be a very proper and second step to the action that you were responsible for last evening.

[The prepared statement of Mr. Matz appears at the conclusion of the hearing.]

Mr. PANETTA. Thank you very much, Marshall. I appreciate your testifying.

What about the timeframe of this kind of legislation? How long should it be in place? There is a lot of talk about making it a short timeframe, 1 year, 2 years. What is your sense of that?

Mr. MATZ. My sense is that given the action of the Appropriation Committee last night, that any action you take should be at least for 2 additional years so that the bill would not sunset prior to the farm bill in 1985, or perhaps should sunset at the same time. Having the farm bill come up in fiscal year 1985 would be a good opportunity to take another review of this and see how it works.

Frankly, it gives you the vehicle you're going to need to reauthorize it if that be your desire.

Mr. PANETTA. How do you respond to some of the criticisms raised by the administration, specifically the argument that the CCC can absorb the costs in terms of processing without providing separate funding for it?

Mr. MATZ. Well, they certainly could absorb the costs if they are willing to spend the money. Current law provides that authority. As you well know, the Food and Agriculture Act of 1981, specifically section 1114, authorizes the Secretary of Agriculture to use CCC funds for the distribution of bonus commodities. It also authorizes him to declare bonus at such times as he feels appropriate.

The problem has been that, until yesterday, the only commodity that was declared bonus was cheese—notwithstanding the stocks of existing commodities—and there had been a reluctance on the part of the administration to use CCC funds to help States distribute and store commodities.

I think your point is well taken. How it is labeled doesn't really matter, whether it is CCC, section 32, straight appropriation, it comes down to whether or not the dollars are there. If the Department would rather use CCC funds than appropriations, that would be fine, if, in fact, they do it. But as we have seen, unless you mandate it, OMB frankly is not going to let the Department spend the money, in my opinion.



Mr. PANETTA. Let me ask you, under a program that you are familiar with, in terms of schools and school lunches, how much advance notice do you get when commodities are available for that program?

Mr. MATZ. I hesitate to give an exact timeframe. It is getting better. It is getting better. The current administration has, in fact, been sensitive to working with the association and sensitive to the criticisms we have had in terms of the logistics of running it.

As you know, just 2 years ago there was a rather extensive debate in the Education and Labor Committee as to whether or not to continue this program at all because of the concern about getting what you wanted, when you wanted it. There were too many stories of quantities of food arriving in June that had to be stored all summer long for the opening of school in September.

The situation there has, in fact, improved. There is still room for more improvement, of course, but I would just have to answer that way. I don't have with me a State-by-State survey or anything.

Mr. PANETTA. Again, on the legislation that will be part of the jobs bill, does it make sense to wait until that legislation expires, or assuming that we can pass this within the next month or so, to have this legislation prevail?

Mr. MATZ. Mr. Chairman, I would strongly urge you to do that. As we know, it takes the Department some time to propose regs and to finalize regulations. I would think that if you could pass this legislation in the next 60 days and make it effective October 1, 1983, or the next fiscal year, that that would be very constructive.

One of the things that we are hearing over and over again is the problem with the program is the lack of planning, a lack of notice. It is just too much from day-to-day changes. So to the extent that you can provide continuity, stability, advance notice, those things are going to help. It is by nature difficult with the bonus commodity program. So as much advance notice you can give, the better, I would think.

The provisions of your bill that ask the Secretary to publish annually a list of what he thinks may become available, even though he is not committed to it, those things help. Those types of administrative details are, in my opinion, very, very important.

Mr. PANETTA. Thank you.

Mr. EMERSON.

Mr. EMERSON. Thank you, Mr. Chairman.

Mr. Stambaugh, of the commodities distributed in your State, what percentage do you think would go to emergency organizations like food banks and hunger centers and what percentage to other types of recipient agencies described in H.R. 1590, such as schools or disaster relief organizations?

Mr. STAMBAUGH. In Virginia we distributed approximately 25 million pounds of food during the last year, 1982. Approximately 3 to 4 million of that was for the emergency feeding.

Mr. EMERSON. Thank you.

Mr. PANETTA. Thank you both for your testimony. I can assure you it will be very helpful in the final design of the bill that we are able to report out.

Mr. MATZ. Thank you, Mr. Chairman, Mr. Emerson. We appreciate your support.

Mr. EMERSON. Thank you, and I'm sorry I had to miss part of your testimony. I do have it here and will read it.

Mr. MATZ. We appreciate the bipartisan leadership that this committee has given to this issue.

Mr. PANETTA. Our next witnesses are Barbara Baker Temple with the Greater Philadelphia Food Bank and Second Harvest. She is accompanied by Mr. Timothy Whelan, who is regional coordinator for Second Harvest. Also Col. Ernest Miller, who is director of the national public affairs office of the Salvation Army. In addition, Miss Tricia Gabany, and she is with Bread for the World, Washington, D.C. Also Rev. Annie Woodridge, who is with Mother Dear's Community Center in Washington, D.C.

I would like to welcome all of you to the subcommittee hearing. I appreciate your taking the time to come here and to provide us with your views on this legislation. We would ask you, Miss Temple, if you would go first, please. You may either read your statement or summarize it, as you desire.

**STATEMENT OF BARBARA BAKER TEMPLE, DIRECTOR, GREATER PHILADELPHIA FOOD BANK, ACCOMPANIED BY TIMOTHY WHELAN, REGIONAL COORDINATOR, SECOND HARVEST, NATIONAL FOOD BANK NETWORK**

Ms. TEMPLE. Thank you, Congressman.

I first of all would like to say that we are in favor of H.R. 1590, and my remarks are more for the record.

First of all, after hearing the administration's testimony, I have a few things to say that are not in my formal testimony.

The cheese and dairy distribution program has been a success only because of the thousands of organizations who have participated, and in spite of the clumsiness of the design—and I use the word loosely—of this program. The costs to these organizations have been tremendous and many organizations in the future will not participate or will participate only in a limited way. We are one of those organizations, in fact, who will participate only in a limited way because of no money being available for administration, transportation, and storage.

If these commodities are free Government commodities, they should be free. Those charitable and religious organizations who actually distribute the commodities should incur absolutely no cost. It should be remembered that this whole problem of what to do with surplus commodities has come about because of inherent problems in current USDA policies. No charitable organization is under any illusion that this distribution to the poor is a totally compassionate action. The impetus has come through the embarrassment of having billions of pounds of products sitting expensively in Government warehouses.

For the administration to suggest that no money need be available for distribution is ludicrous and self-serving. It always costs to give something away. For the administration to say that the past distributions are an example of what method can be followed in the future shows absolutely no understanding of the limits of the finances and the cooperative patience of charitable organizations.

I think I can state with accuracy that no nonprofit organization will run its program into the red to assist the Government to distribute foods that are limited in variety, offer a limited amount of food to our needy citizens, and bails the Government out of an embarrassment that the Government itself has caused.

To establish our credentials, you should know that the Greater Philadelphia Food Bank is one of the largest food banks in the United States. In the 20 months we have been open, we have distributed over 2.6 million pounds of donated food and 1.3 million pounds of surplus Government commodities.

I will limit my remarks to the issue of the distribution of Government commodities as intended by the Panetta bill and other bills currently before the House and Senate. But first let me offer some principles that I think should undergird these legislative efforts.

First, an increase in the quantity and variety of USDA commodities to be distributed to the public must not be done at the expense of entitlement programs.

Second, no money should be appropriated for this distribution by decreasing funds for food stamps, WIC, or the school meals and summer lunch programs.

Third, moneys to finance this distribution should come from the savings to the Commodity Credit Corporation, savings in transportation, long-term storage, and administrative moneys.

Fourth, any distribution of commodities should be temporary and not handled in such a way that the Government dumps its embarrassment on the backs of the poor. Frankly, that is the only reason we are discussing commodities. There is this embarrassment, the embarrassment of a price-support program gone wrong.

At some point Congress must look hard at the price-support program and determine what amount of surplus is actually needed in our country and for our friends abroad. Certainly 14 billion pounds of surplus dairy products is totally out of line. Consumers are paying heavily through taxes and through retail costs to subsidize a price-support program that is presently out of control.

Now, on a positive note, I do believe that commodities can be used to assist the poor. Keeping in mind the general principles I have outlined, let me mention some specific items about such a program:

First, commodities must be available in family-sized units—for instance, 3-pound boxes of instantized dry milk; 5-pound bags of flour; 32-ounce jars of oil.

Second, the products must be available with all of the information about contents and nutrition currently required of the private food industry.

Third, it will be necessary to process some of the commodities, such as wheat and corn. This should be done through processing contracts that would yield pastas, various flours, et cetera.

Fourth, paperwork must be kept to an absolute minimum so that private charities will be willing to assist the Government in this program.

Fifth, funds to administer such a program must get down to the level of the individual charity and not be consumed by the State or the USDA. A program that is to be sustained over a number of

years cannot be handled by volunteers or without the resources to provide proper handling and storage.

Sixth, definitions or criteria to establish need should not be applied to this program as are required in the entitlement programs. Individual charities must be able to establish their own criteria based on their program goals, as long as there is at least a self-declared eligibility on the part of individual recipients.

Seventh, and last, the so-called mass distribution of Government commodities, as we have seen with the cheese, should be discouraged. It is not a dignified way to treat the needy. It painfully recalls the sorrow of breadlines in the depression. An organized and compassionate program has no need of mass distributions of product. Scheduled announcements of availability of product will assist with this problem.

In addition to my position as director of the Greater Philadelphia Food Bank, I am a member of the USDA Subcommittee of Second Harvest, the only national body coordinating the work of food banks. As a result, I would like to say a word about the role of food banks.

Our primary purpose is to work with the private food industry. I know of no food bank director who envisions the distribution of Government commodities as the major purpose of their organization. However, many food banks have done an admirable job in systematically distributing dairy commodities to organizations which care for the needy, and many of us are willing to continue that involvement, but only under certain conditions which would include the applicable conditions I have listed above.

I think it would be enlightening now for the panel to hear some other important considerations.

First, the term "food bank" as used by the USDA is used very loosely. The USDA considers any nonprofit organization who distributes food to the needy a food bank; 99 percent of these organizations should be called emergency food pantries.

A food bank is a nonprofit organization that operates a warehouse—in our case, a 30,000-square-foot warehouse—to receive food donated from food companies. We then distribute this food to agencies who feed the needy. The Greater Philadelphia Food Bank has 400 member agencies and distributes an average of 14,000 pounds of food per day.

Food banks do not want to be the sole distributor of surplus commodities and know that many other organizations can handle limited amounts. It is misleading of the USDA to state that there are 1,400 food banks in the United States. There are 40 Second Harvest food banks and no other nonprofit warehouses that I know of.

It is ludicrous to think that an emergency food pantry could handle, let alone store, hundreds of thousands of pounds of surplus commodities. Even at our food bank we anticipate, in 1983, handling only two or three tractor-trailer loads of surplus commodities per month, and these we intend to distribute as part of our normal distribution process. In the past we participated in mass distributions of 20 trailer loads at one time, but we have decided that the disruption to our regular work was not in the best interests of the needy.

For 1983 we will distribute no butter as our State has no funds to pay for refrigeration, and our food bank cannot afford the extra storage costs. We do have 11,000 cubic feet of cold storage space, but it is almost always, thank God, filled with donated foods. And butter, unlike cheese, must be kept very cold. To store the butter offsite would cost us tremendous amounts of money. We have decided to distribute surplus commodities only insofar as this distribution can be done as a supplementary service to our regular work.

Another interesting problem is that the USDA delivery schedule for tractor-trailers has been designed for USDA convenience and not the convenience of the voluntary agencies actually distributing the product. One of the biggest problems identified by food banks in a survey we did was the capriciousness of deliveries. Any non-profit organization participating in the distribution of surplus Government commodities should, at the very least, know when the product will arrive.

Given your concern about these problems, we have here several opportunities. First, the Government can gain by seizing an opportunity to readjust the price support program. Until that program is under control, there should be no expectation on the part of Government that releasing commodities to nonprofit organizations will solve the problem of surplus commodities. As commodities go out through one Government warehouse to participating organizations, an equal amount and possibly even more surplus is coming in every day through another door. In a recent national news magazine report, one farmer characterized the PIK program as "welfare to farmers". I suggest the price support program could even more accurately be described as welfare to farmers.

In May 1982, when Secretary Block was asked "Who is to blame for the enormous increases in production?" He answered—and I quote:

The pricing mechanism is out of whack. For the last 3 years, the milk price level has been riding on the minimum price support—and that level keeps signaling dairymen to produce more. The trouble is that milk production doesn't reflect the real commercial market that is out there. The Government is buying up the dairy products to maintain the minimum price support level.

Farmers, then, would be fools not to take advantage of such largesse.

Second, private charities can supplement their programs without additional financial burdens. This, again, is an opportunity.

Third, the needy, until better and more humane programs are developed, increased, or reinstated, can receive help at a time of great suffering in our country.

In conclusion, may I add a personal note. As a taxpayer, I would be far happier to see my tax dollars go to the needy through nutrition programs such as food stamps, WIC, child care feeding and school and summer meals programs than go to an outdated price support program for farmers and an accompanying commodities distribution program that really amounts to a trickle down to the poor.

With all respect to those of you who have authored this legislation, it must be said that commodities distribution to the poor is neither a solution to the elimination of surpluses stored in Government warehouses nor to the problems of hunger in our Nation. It is

simply a bandaid, a quick fix, and more concrete measures must eventually be taken.

Having said that, I want you to know that we are in favor of H.R. 1590. Thank you.

Mr. PANETTA. Thank you.

Mr. Whelan, do you have anything to add?

Mr. WHELAN. No, sir. We have submitted a statement for the record and would not wish to take up any more time than is necessary at this point.

We would be happy to answer questions and provide additional input, as needed.

[The prepared statement of Second Harvest appears at the conclusion of the hearing.]

Mr. PANETTA. Thank you.

Colonel Miller.

#### STATEMENT OF COL. ERNEST MILLER, DIRECTOR, NATIONAL PUBLIC AFFAIRS OFFICE, SALVATION ARMY

Colonel MILLER. Mr. Chairman, I am Colonel Miller of the Salvation Army. I am the director of the national public affairs office here in Washington.

In the last few days I have been in touch with a number of our field units scattered around the country to learn of their own experience in dealing with this program over the last several years.

The signals I get back are that we support the legislation as proposed. The provisions contained in H.R. 1590 are precisely the kinds of things that our people are asking for. It seems to respond to the existing problems in current programs, and it seems to anticipate the continuing needs of hungry people. However, there are some problems which they have told me about and which I will try to tick off quickly.

One of the problems, of course, is the cost entailed by local units who wish to participate in the distribution of commodities. One local unit in a small town in downstate Illinois spent \$1,200 of its own funds over a period of about 6 months, money which had to be taken from other programs and money which they did not have, and after 6 months they gave up because they simply couldn't afford to give away these things any longer.

In another city not too far away they were able, because it was a larger city and the resources were larger, they were able to borrow from a local dairy a refrigerated truck which they sat out in the parking lot and were thereby able to store the cheese and refrigerate it for a continuing time, largely through the voluntary assistance of the local dairy which helped them out. However, that kind of voluntary assistance is not always available, and certainly not in every small town.

Another problem was the uncertainty of delivery times. The delays in shipment regarding the promised time of arrival, or the lack of leadtime to prepare for a distribution when something arrives unexpectedly and has to be disposed of if resources for storage are not adequate.

Another problem was the simple out-of-pocket costs largely because of the diversion of staff from other duties, or volunteers,

while helpful, may not be entirely adequate. It simply is not possible in structured organizations to find trained volunteers or competent volunteers to carry on all the functions that need to be necessary. It is often necessary to assign staff as well. Of course, there are expenses for utilities and other hidden costs.

Another problem cited was the problem of scale. There is a vast difference in the capability of local units in small cities or local units in small neighborhoods to deal with the problem of distribution, and some large communities. For instance, the National Guard in one State would deliver only a full truckload of commodities, but to a small neighborhood center which doesn't have the resources for storing or quickly distributing a full truckload of one commodity, this is simply an impossible situation. They could not obtain small shipments which were keyed to the scale of their operation. It was all or nothing. So there needs to be some adjustment of scale to compensate for the differences in the resources and facilities of various kinds of neighborhood operations.

Another problem was the duplication of facilities to meet differing requirements of different commodities, which has already been alluded to, the fact that the requirements for refrigerating cheese are vastly different from the requirements of refrigerating butter. It simply was not possible to use existing facilities to accommodate both.

Another problem that was cited was the problem of security, primarily that of crowd control as well as the control of pilferage. In every community there is not available the kind of police protection that may be necessary, either to control pilferage or to control crowds when they may descend on a local unit. Crowd control is not merely accommodating the hundreds of people who may descend on a place. Crowd control may be handling only the half-dozen who may be there but who may be unruly. It is often necessary to have a "bouncer handy" of sorts to handle the pressures that are placed upon the workers who are trying to do an orderly and responsible distribution. So there are costs for security which are not accommodated in the legislation as it stands.

Another problem was that of the flexibility of usage. There needs to be in the program the opportunity to use and apply commodities to a variety of feeding situations, for, say, day care centers or summer camps or senior citizen feeding.

In general, we support the legislation as proposed, but I would like to add a few specific recommendations out of the responses we have obtained from our people. First of all, that distribution procedures for surplus commodities be flexible enough to include feeding programs of many varieties such as senior citizen programs, day care centers, summer youth camps, migrant worker programs, the feeding of disaster victims and workers, the feeding of the homeless, et cetera.

The second recommendation, that commodities not be counted as income so as to reduce a beneficiary's eligibility for other assistance that may be available. Now, this grows out of a variety of our experience in a disaster situation, for instance, if someone is burned out or flooded out of their home and we have given clothing off the back of a truck or some food of some sort, the Government individual disaster assistance program has wanted us to count that

and deduct it from their eligibility for other individual systems the Government might provide. We would hope that these small casual contributions may not be deducted from resources available to these most unfortunate people who need far more than we can provide, and the commodity of this kind should not be considered income under those circumstances.

Third, that commodities, because of limited variety and continuity, be regarded as a supplement to other sources of supply and resources, and that commodities not be considered to replace other programs for food assistance. Because of their capricious nature, because of their uncertainty into the limitation of their variety, commodities, as they have been made available, simply cannot replace other essentials of a diet and cannot be considered to be an adequate diet all by themselves and should therefore be simply a supplement to other resources.

Recommendation number four. The reimbursement of costs to voluntary organizations for storage, transportation and distribution include costs for security required for such things as crowd control, protection from pilferage and other local conditions.

Recommendation number five, that reimbursement of costs include provision for staff and administrative costs adequate to assure effective supervision of well-coordinated and disciplined distribution programs.

Now, it is axiomatic that sometimes Government looks to well-structured, well-disciplined organizations because those organizations have a track record for doing a good job. But they have that record because they have internal networks and internal structures which provide good disciplined programs. Now, that kind of discipline costs money, and if the resources of that network need to be diverted to a program such as this, that, too, costs money. So there are unavoidable administrative costs associated with the supervision of good disciplined programs, and the costs of diverting those resources from other essential programs should be met by the Government in asking voluntary organizations to participate.

While volunteers are enormously helpful, and while the resources of volunteers are huge and most appreciated, it simply is not possible to do all that a voluntary organization does with volunteers. Money must be spent for paid staff and for disciplined trained workers who are a part of the organization. These costs need to be covered as well in this program.

Thank you, Mr. Chairman, for the opportunity to be here. We appreciate the opportunity to participate as an organization in the planning of these programs.

Mr. PANETTA. Thank you very much, Colonel Miller, and thank you for your precise comments.

Reverend Woodridge, would you please proceed.

#### STATEMENT OF REV. ANNIE M. WOODRIDGE, DIRECTOR, MOTHER DEAR'S COMMUNITY CENTER

Reverend WOODRIDGE. Thank you.

Honorable Chairperson, Congressman Panetta, to your staff and to the subcommittee, thank you very kindly for inviting me and giving me the opportunity to testify this afternoon on a subject of



such great magnitude. I would like to say the Mother Dear's Community Center is a nonprofit organization that has been working in the District of Columbia with the poor for 23 years. We are not District funded nor Federal funded, and we operate with volunteers. We want to say that we wholeheartedly support the bill that you have brought forth, and we are hoping that it will become law expeditiously.

The subject today that we are speaking on, hunger, is of great magnitude in America, especially in Washington, D.C., where I have resided for the past 24 years. During the existence of the community center that I am director of, for the past 23 years, I have fed a multitude of poor and hungry persons. Over the past 3 years there are hundreds more added to the numbers previously listed.

We have the old poor, the middle class poor, and the new poor, meaning those who have been RIF'd of their jobs and who have families who they cannot support because of not being employed. Scarcity of food is not the cause of hunger. The illusion of scarcity is a product of extreme qualities in control over food-producing resources that thwart their development and distort their utilization.

The best land is invariably made to produce crops and cattle for export instead of basic food for local people. This, too, should be changed. The pattern of good food producing resources diverted to the already well fed continues even in the face of famine. People are hungry because of scarcity of both food and land.

Although enough grain is produced in the world to provide everyone with protein that is ample, and the calorie intake of the average American, what counts most is whether adequate food producing resources exist where people are most hungry. Congress should take a good look at the current production and possible production beyond the myth of scarcity. Please have the Feds look into the stockpile of resources that are available and continue to bring them out of the pipelines for utilization by those who are in dire need of food in the Nation's capital.

Action and future policy based on most recent analysis to help eradicate this problem that has plagued the world since the time of Jesus, who remarked "the poor you will have with you always". America is the prominent focal point in helping other nations with its hunger problem, and its own Nation, the shame of it all, has been exemplified in its own back and front yard.

The elderly are stealing along with the youth from chain groceries, eating dog food, scavaging from trash cans. This should not be relevant in a land that is called the land of the free and the home of the brave. Just last week 7,000 persons passed through the doors of my Mother Dear's Community Center to obtain food. It is a blessing to be able to serve them in our small way and also a blessing to expend USDA commodities. I am sincerely asking that the laws be perfected and that H.R.1590 become law, in lieu of the fact that what we have is just not enough.

Thank you.

Mr. PANETTA. Thank you, Reverend Woodridge.

Miss Gabany.

**STATEMENT OF TRICIA GABANY, ON BEHALF OF BREAD FOR  
THE WORLD**

Ms. GABANY. Thank you, Representative Panetta, for the opportunity to speak today on behalf of Bread for the World. We would like to commend you for the introduction of House Concurrent Resolution 40, the Preventing Hunger at Home Resolution, as well as H.R. 1590.

Congress should recognize at this point, as others have stated, that the solutions which we are pursuing in this hearing, while they are important, are only temporary. The realities of hunger, low income and unemployment will not be solved by using our surplus commodities no matter how widely or how well we use them. Only when this country has the political will to provide food security for all its people can the problems of hunger be solved.

The farmers are in a similar bind in this situation in which commodity distribution will not solve their problems, either. We need to reevaluate some of the foreign policy that is causing the surplus situation for them.

Bread for the World has several recommendations to make with regard to H.R. 1590 to make it more effective, we hope, in meeting the needs of hungry people.

First, we feel that the commodity distribution program should be considered an emergency program and should probably not last more than 1 year. There are certain reasons for this. This way recipients will be clear that the commodities will be provided while supplies last, and it should be reconsidered after that time. Commodities are not an adequate substitute for existing Federal food programs based on strong nutritional guidelines. Bread for the World definitely opposes the substitution of commodity distribution for Federal food programs.

Second, commodities are already in some food programs, such as school meals, elderly feeding and food distribution on Indian Reservations. We support the use and expansion of bonus commodities provided there is no reduction in the normal commodity allotment or normal cash expenditures for the program because of donations. Therefore, we would recommend that the legislation include a provision that commodities should not be counted as income to recipient institutions.

Similarly, we are aware of a case in Aurora, Ill., where an elderly person had received commodities from a local distribution center, and then the value of those commodities was deducted from her social security income check subsequently. An official in that town rectified the situation and cleared it up so that she received the full payment in her social security check the next month. This should be clear, though, in the law, that recipients are not penalized and that commodities are not counted as income in any way.

Third, we are pleased that H.R. 1590 does allocate funds for State and local distribution costs. It may be that these funds are not enough to meet the needs of the institutions which are distributing the food. Until we know exactly how much is available from USDA in usable and raw forms, how can we estimate the distribution costs? I am not clear on that personally and it may be that we would need to look again at the costs that are incurred by those

institutions in distributing food, especially if it is going to rural areas, because that incurs a lot of additional cost that may not be included.

Mr. PANETTA. Miss Gabany, I am going to have to interrupt your testimony because we do have a vote on the rule, on the First Concurrent Budget Resolution. If it is OK, I would ask you all to remain at the table and I would like to return then and ask you some questions. In the interim, if we could recess for 10 minutes while we cast that vote, then we will try to proceed to wrap up the rest of the witnesses as well.

Thank you.

[Recess taken.]

Mr. PANETTA. The subcommittee will be in order.

I apologize but we are in the middle of the budget issue and we just had the vote on the rule. Tomorrow we will go into debate on the budget. The rule did pass, so that we will have the budget discussions tomorrow. I wear a couple of hats, one of which is being on the Budget Committee, and I have to try to make sure that's on track as well. So I apologize to you for the time.

Miss Gabany, were you finished with your statement?

Ms. GABANY. No, I didn't finish it. Just a few more minutes.

Mr. PANETTA. All right. Why don't you proceed?

Ms. GABANY. Thank you.

Bread for the World strongly supports the provision in H.R. 1590 which allows emergency feeding centers to have the first option to receive uncommitted inventory in CCC. We recommend that migrant worker centers be included in the listing as emergency centers because of the low income and unemployment which prevails among migrants. There are a number of centers like Del Marva Rural Ministries which serve particularly just migrant workers in feeding programs and so on.

Lastly, we are concerned about the use of the Wheat Food Security Reserve which may be proposed to be used in legislation and which was utilized by the Dole bill. In spite of the fact that that is 4 million tons of wheat and has been provided for humanitarian assistance overseas, we are looking at using a reserve at a time of surplus, not shortage. This is a time when traditionally we build up our reserves, when there is more than enough in farmers hands to provide for more stocks going into the reserves. We question the validity of dipping into the reserve at this time.

Also, we believe it is important to provide people with wheat, and if the Congress is serious about helping farmers and hungry people, that either they purchase that wheat or they use it from the forfeitures on loans, which will probably be coming in later this summer.

Second, the wheat in the reserve is not part of the agricultural surplus that overhangs the market. This is something we have discussed with Howard Hjort, who was the economic advisor under President Carter, and he agrees with us on this, that the reserve was set up for humanitarian purposes. It is the only thing that exists to back up our food aid commitment.

I understand the political problems in wheat owned by CCC and trying to keep that off the market. Trying to keep it from being distributed to domestic programs is a concern, but we would like to

stay with the position of not using that wheat because it has been designated for other purposes, which we may need.

Thank you.

[The prepared statement of Ms. Gabany appears at the conclusion of the hearing.]

Mr. PANETTA. Thank you very much for your testimony.

Miss Temple, let me ask you, if this bill is passed and other commodities are made available, have we reached the point at which there won't be any additional people or any additional load in terms of people who will want to receive this foodstuffs, or do you think there will be greater demand as a result of the legislation being passed?

Ms. TEMPLE. You mean on the part of needy people, or on the part of organizations?

Mr. PANETTA. On the part of needy people.

Ms. TEMPLE. I think as long as there is product available that certainly needy people will welcome the product being given to them. I don't see why they wouldn't.

Mr. PANETTA. I guess the question is, do you anticipate an increased demand as a result of the legislation passing.

Ms. TEMPLE. No.

Mr. PANETTA. It's hard to say, or——

Ms. TEMPLE. No, I really don't. I don't understand why there would be. There is a demand right now. I don't think most people are going to be aware of the legislation. It is only if organizations are giving it out will people know. I don't think the man on the street is going to be aware that this legislation has passed.

But if a participating organization that is giving a product out has more product to give out, I think more people will come in to get that product.

Mr. PANETTA. Colonel Miller.

Colonel MILLER. Mr. Chairman, there always are people who come to get something for nothing, if it is available, so there probably will be some increase in people seeking the product if they are aware it is available.

However, I think there needs to be a basic discipline with the organizations that give it out, and I think it is built into the organizations themselves, those organizations which have experience in dealing with people and have experience in dealing with the criteria for availability. I think to some extent there will be more demand, or at least what is available will be taken away. I hope there can be some controls which will avoid waste of the products, so that it will not be given in such quantities just to get rid of it, but rather in quantities and at a level of distribution that will keep it in use without waste.

I think there are words to that effect which are written into the legislation and I think there is always a danger that just making it available will create the demand. We need to control that.

Mr. PANETTA. You mentioned additionally covering the costs of security. Have you gotten reports back that there are security problems?

Colonel MILLER. There have been some security problems in some large cities, or in places where huge crowds have turned up to receive supplies, when there has been a newspaper notice or radio

and television notice that it was going to be available and huge crowds would turn up. Beyond the capacity of a small community center to deal with the crowd, sometimes police have had to be called to control those crowds. But police are not always available where needed.

Then there are in some neighborhoods, in some settings, situations in which people tend to be very hard on caseworkers, or the people who are trying to distribute things in an orderly fashion. Because it is available they think it is theirs and they presume to come and take it.

In my own experience I have had caseworkers who were beaten up in the process of trying to distribute aid by people who were not satisfied with what they were getting. So there are instances in which some security is necessary to protect the workers.

Ms. TEMPLE. Congressman Panetta, may I say something about the disruption?

Mr. PANETTA. Sure.

Ms. TEMPLE. What we were suggesting was the distribution of commodities not be done as a mass distribution but be incorporated into programs that neighborhood organizations and churches already have. I think if that is done, if we can be assured of a more or less steady supply of commodities, if we know when they are coming in so that we can arrange for them to be made part of an everyday program, I think that the specter of any kind of disruptions or riots or anything like that will be greatly lessened.

Colonel MILLER. I would reinforce what Ms. Temple has just said, that to make these a part of ongoing programs is important, not that they simply be allowed to stand alone and "here is a lot of free food, come and get it". That is not the way to do it. I think distributing it through existing programs, where there are orderly disciplined procedures is the best way to go.

Mr. PANETTA. Let me ask Miss Gabany—I know that is a problem on the reserve and I understand where Bread for the World is coming from.

Would you object to even a small amount being used for purposes of the commodity distribution program? Is it your position that none of that is to be used?

Ms. GABANY. We would prefer to see none of it used because it sets a precedent for use of the reserve. There are already proposals to use it for export expansion programs, which we definitely object to.

I think it is important to meet the needs of hungry people and that's what Bread for the World works on. However, we see that we can obtain the wheat in other ways, and those ways should be pursued. It is like having a hidden cost, that you mentioned in appropriations, when you talked about the CCC incurring costs for distribution and processing. This is a hidden cost. We have paid for this wheat and it is something that is hidden rather than out front so people can see it.

Mr. PANETTA. I understand. It is difficult to argue isn't it, that if there is no other wheat available for distribution and the reserve is there, and it is not being used for one reason or another to its fullest capacity, that some of that can't be used for purposes of domestic food distribution?

Ms. GABANY. It would be feasible to use it if it were stringently replenished. We say that if you are increasing the authority to use it for domestic food programs, then you are increasing the authority for use of it as a domestic food reserve, then you should probably increase the tonnage that is in there because 4 million tons meets only a part of the food aid needs that are met every year. So I would see that if we put in an appropriation to increase the tonnage, then you have more of a chance of USDA coming back and really putting the wheat back in that reserve.

We have talked with people there who are not in favor of the reserve, period, and would like to see it diminished slowly. We would like that not to happen. So that is why we proceed with a purpose of not having it dipped into.

If we can secure it being replenished very tightly, then it would not be a problem.

Mr. PANETTA. OK. Thank you very much. Thank you all very much for your views.

The next witnesses will be Miss Susan Barlow, director of consumer center, First National Supermarkets, Inc. I think I recall seeing her in Cleveland if I'm not mistaken. Mr. Robert Wager, who is president of the American Bakers Association, Miss Susan Fridy, who is from the National Milk Producers Federation, and Miss Linda Naida, who is with The National Grange.

Miss Barlow, we welcome you to Washington. We are pleased that you not only had the opportunity to testify at the field hearing but also are back here on the actual legislation as it is going through the Congress. So you may proceed to either summarize your statement or read it as you please.

Without objection, the comments will be included in the record and you can summarize them as you wish.

#### **STATEMENT OF SUSAN BARLOW, DIRECTOR, CONSUMER CENTER, FIRST NATIONAL SUPERMARKETS, INC.**

Ms. BARLOW. I would prefer to summarize them because I think the members of the subcommittee are familiar with our position on hunger as being one of the primary problems facing the country. We are very happy to be here to be a part of what we consider to be a solution.

You are already familiar with our statements which certainly do agree with the statements of other organizations here, that we very much support the Government food program such as food stamps, EFNEP, and others in meeting hunger needs.

I would like to go over, though, our reservations. We fully support this legislation—in fact, very strongly support it—as long as the four following principles are adhered to, one of which being the funds for the food stamp, WIC and other programs are maintained without further cuts; two, that food-oriented entitlement and discretionary programs continue to be based on cash; three, that the distribution of commodities or any increase in quantity of commodities are looked at as temporary solutions rather than permanent solutions to the ongoing problems of hunger and unemployment and related economic problems; and four, that the defense budget growth be reduced from 9 to 5 percent in recognition of the grow-

ing Federal deficit and cost of these entitlement and discretionary programs we are hearing about today.

I am frankly surprised that none of the other organizations mentioned that. We consider this to be a very key part of our position on commodities and their relationship with food stamps and other Government food programs. In other words, we are asking for a realignment of governmental spending priorities.

I want to say that we are also not the only organization in Cleveland that feels strongly about these. I have a statement from the mayor of Cleveland, and I will quote. He has authorized me to say that he wholeheartedly supports my company's position concerning this legislation. He further requests this committee and Congress to expeditiously pass this much needed legislation.

I think from the other hearing you are familiar with our work with the other community organizations in the Cleveland area. They have also asked me to tell this subcommittee of their total support for the legislation and also our position in relation to it, especially in relation to defunding other programs, the kind of testimony we have already heard today.

Some of these organizations are the Consumers League of Ohio, the Greater Cleveland Community Food Bank, which is, of course, a member of Second Harvest, the Greater Cleveland Community Holiday Basket and Food Program, the Greater Cleveland Welfare Rights Organization, the Cuyahoga County Cooperative Extension Service, Hunger Task Force of Greater Cleveland Inter-Church Council, Nutrition for Greater Cleveland, and St. Vincent DePaul Society. These just happen to be members of the food network that we work very regularly with on an ongoing basis and have worked with for the past 8 years—not all of whom were in existence 8 years ago, but the network has been in effect that long.

I want to really talk about several points of the legislation. First of all, we strongly support the specific provisions of this bill that have to do with priorities. I simply am stating that because we are aware of the problems in the distribution of cheese and some of those problems we have already heard about today. We think the prioritization that you have outlined in this bill would be a help toward getting the commodities to those that need them in some kind of disciplined order. So that is why we are supporting the prioritized listing that you have that the food banks and soup kitchens get the commodities first and that the farmers have second choice of them through the payment-in-kind program, and that the third choice be the child and elderly nutrition programs. It is not that we don't recognize that all need them. We just recognize the need for a priority listing.

I want to talk about the fact—and this has come up several times, including the USDA testimony—that some feel that moving commodities into areas where supermarkets do a lot of business will create problems that would significantly and negatively affect supermarkets. We do not believe this to be true. We believe the related problems of hunger, unemployment and economic needs are that severe. In other words, we disagree with the displacement theory that says food sales will decrease if people receive free commodities like rice, corn meal or dried milk. To our knowledge, this has not happened with the free cheese distribution. I spoke person-

ally with our buyers to this effect and cheese sales have moved up in all of our marketing areas in all of our divisions.

I should say in terms of background that I do represent a company that has 160 supermarkets. We do \$1.2 billion in sales every year. We are in six States, northeastern Ohio, the New England States, and New York. In other words, we are in areas which have very heavy unemployment and severe economic needs, so we can look at these commodities from maybe a viewpoint comparative-wise that other supermarkets might not be able to look at in the same manner.

We have noticed no measurable decline in cheese itself in these areas. In fact, cheese movement has gone up. I cannot say that they have moved up the same in all of the marketing areas—in other words, our inner cities and suburban areas—because we don't measure movement in this manner.

I would like to project ahead a little bit and talk about potential displacement in relation to the other commodities. I am talking about this kind of off-the-cuff because I have not had a chance to talk with our buyers on these issues. But I do sit in our ad meetings and I do know general information about these products.

In terms of dried milk, I can say that this is not a big mover in all of our marketing areas. It is not considered to be the kind of thing we would really merchandise heavily. It is just not that strong an item. What is the strong item is liquid milk and that's where the action is in terms of supermarkets, merchandising, and selling of food. Milk is an extremely heavy mover, but it is liquid milk, not the dried milk.

In terms of corn meal, again it depends on the area here. We move more corn meal probably the first of the month than we do at other times because in the income areas we deal in that is more of an item, ethnically-wise.

In terms of rice, it is a good mover in all of our areas. I can tell you that on the near west side of Cleveland, where we have a very large Spanish-speaking community, if you look at the amount of room we devote to cheese and beans in those stores compared to our other stores, you will find two or three times the amount on a comparative basis. But our feeling is that even if beans and rice go into those areas, what we are going to sell more of it probably hicama and dried chillies and some of the other ethnic foods that people in that area truly love and are a significant part of their diet. So this is absolutely not our concern because we believe, regardless of the number of commodities distributed, we will continue to sell large quantities of fresh fruits, vegetables, meats and other ethnic foods that have strong emotional appeal in our marketing areas.

I guess this can be summed up by saying that everything the low income people and those that are unemployed need to eat are absolutely not to be found in food commodities, given our past experience.

As to the poor becoming dependent on commodities, we believe that people will not stand in commodity lines or eat in soup kitchens if they have a workable, dignified alternative. I have said the distribution of commodities has not and we don't expect it to really affect our bottom line, but I do want to be clear about those factors



which have affected our bottom line in the past year, and affected it very negatively.

Unemployment coupled with reductions in major nutritional programs like the food stamp program have had a far greater impact than soup kitchens, commodity distributions, food banks, and other charitable efforts ever could have. Again, we are speaking from the standpoint of one-third of our 60 supermarkets in the Cleveland area being in inner-city areas, so we know what is going on in our inner city areas and we are not concerned about commodities being a part of our problem. We are concerned about unemployment and we are concerned about cuts in the food stamp and other food-based programs.

In the counties in which we do business, unemployment figures range from 9 to 24 percent. We trend very, very closely unemployment figures in all of our counties. In one county in northeastern Ohio, for example, Lake County, our food stamp deposits decreased 7 percent between the last 4 months of 1981 and the exact same 4 months of 1982. During this same time unemployment figures for Lake County increased from 10 to 15 percent. Now, this is our real concern, when we see food stamps not keeping up with unemployment, because that means there is fewer dollars out there to go through our stores. Again, I measured the exact same 4 months—September, October, November, and December 1981, 1982. So that really is our concern.

I can tell you that other supermarkets look at unemployment figures, also. You have to. You have to know what you are going to project for your budget and for food sales in general, and not only our own supermarkets but other supermarkets are increasing their lines of generic foods as a marketing tool in meeting the needs of people with reduced incomes. I can tell you that my own company has stated selling foods in bulk. We have over 200 that we are literally selling out of barrels. I won't get into that in detail, but it saves up to 30, 40, 50 percent of the cost of some food items, like cake mixes, icings, but a lesser amount of the basic commodities like beans, rice, dog food and all the cost items we have, we have a very wide range, over 200. It varies what you save. But in general you save a great deal compared to the same product in a package with a brand name, with an advertising budget and so forth. So we are making a number of merchandising efforts to meet the needs of our people in these areas as a result of what we are finding with unemployment and so forth.

So those are basically the things I wanted to talk about. I can say that in review we believe that the legislation can help, this particular legislation that we very strongly support, can help relieve the hunger crisis in many communities across this country. We believe strongly that our food sales will not be displaced as other people might believe to be—and I can give you one example of that. I am going to do this and depart from my company policies, because we have a very strict policy about not discussing our contributions to food banks, the Food Bank Fair in Cleveland that we do work with.

I can say, as an example of how strongly we feel about the displacement theory, 2 weeks ago we donated 11,000 pounds of meat, very high quality meat, to the food bank. If we had been concerned

about displacement and not selling that same kind of meat in our inner-city stores or other areas where that meat would have gone, we would not have donated it. It is just that clear, that we wouldn't have this kind of commitment if we really believed that we were hurting ourselves by such contributions. So that is my feeling on that—it is my company's feeling on that particular argument that has come up today.

We would like the subcommittee to recognize the importance of the four principles previously discussed regarding this legislation—that is, that the food stamp program be kept as it is and all of that—and we are serious about realignment of overall Federal budget objectives in terms of the defense budget, reduction and so forth. We do not support President Reagan's \$1.4 billion budget cut in food assistance and nutrition education programs for 1984, we absolutely do not.

I can tell you that, in general, supermarkets cannot stay committed to our inner-city stores if the food stamp budget continues to be cut or seriously reduced.

In summary, we wish to commend this committee for your quick response to the growing hunger crisis and pledge our cooperation on two important points, that the dollars committed to the food stamp, WIC and other supermarket nutritional programs will be fully utilized to achieve the essential goals of these programs. Second, we will continue to work with food banks and similar charitable organizations to see that our corporate resources are fully and responsibly used to eliminate hunger in the communities in which we do business.

[The prepared statement of Ms. Barlow appears at the conclusion of the hearing.]

Mr. PANETTA. Thank you, Miss Barlow. I appreciate your testimony.

Mr. Wager.

#### STATEMENT OF ROBERT WAGER, PRESIDENT, AMERICAN BAKERS ASSOCIATION

Mr. WAGER. Mr. Chairman, in view of the lateness of the hour and all the testimony this afternoon, I am going to dispense completely with my prepared statement and make a few very brief points.

Mr. PANETTA. Without objection, your statement will be made a part of the record.

Mr. WAGER. First of all I want to commend you for the leadership that you have taken in this area. All of us realize that without your personal intervention we would not be where we are today. I think all of us in the food industry recognize your contributions and the role that you have played, and I think we are all very grateful to you.

Second of all, insofar as the American Bakers Association is concerned—and I know the other elements of the wheat foods industry as well—believe that this is essential legislation. We strongly support it.

We just have one proposal to make to you, and that is that provision be made in H.R. 1590 for participation of the wheat foods in-

dustry in the manner of S. 17, and also in the manner that was incorporated in the jobs bill last night. We think that that kind of a provision is essential to assure that nutritious and economical wheat foods would be available as part of the program. We would certainly like to work with you and your staff to accomplish that.

We realize that breaking into the international reserve involves some problems. We don't believe they are insuperable and we would like to work with you to accomplish a program that will meet the needs of the American people.

Thank you very much.

[The prepared statement of Mr. Wager appears at the conclusion of the hearing.]

Mr. PANETTA. Thank you very much, Bob. I appreciate your testifying.

Miss Fridy.

**STATEMENT OF SUSAN FRIDY, DIRECTOR, CONSUMER AND NUTRITION PROGRAMS, LEGISLATIVE REPRESENTATIVE, NATIONAL MILK PRODUCERS FEDERATION**

Ms. FRIDY. Mr. Chairman, it really is a delight to be here, though it is certainly a mixed blessing to be so late in the day when we are all so tired. I would like to dispense with the reading of my prepared statement, but since I have been working very closely with the commodity program over the last 10½ years, watching it from all aspects, I am afraid I won't be able to be quite as brief as Mr. Wager was.

National Milk Producers, as you know, has had long and strong support for the commodity distribution program for years. I think it is worth taking a moment at this time, as we are coming to the end of today's hearing, to remember that the commodity program is a long-standing program. What we are looking at today is emergency provisions, but they are to augment a program that has been in existence for years. In fact, it was the precursor of all the other nutrition programs today. I would like to commend you, in that in your legislation you have no intention of eating into the food stamp program or disrupting any of the other nutrition programs.

Commodity donations are an important part of the whole panoply of programs and are not in any way intended to replace these programs. To that same end, the commodity distribution program does have another purpose, and that is, it is a support for agricultural producers. I represent dairy farmers, and right now we are out of balance with our market. As you know, Mr. Panetta, we are having dairy hearings tomorrow to try to address the problems that we have with the price support program. There is no one who wants to solve that problem more than the federation and the dairy farmers we represent, because as long as we have this surplus, our prices are depressed.

I want to commend you personally as well for the intervention you took on the jobs bill. I understand that if you had not come in at the conference at the time you did, we may have had a disaster on our hands. Your knowledge and understanding and your personal interest has really made the jobs bill an important part of the growth of commodity distribution.

The bill that we have before us, your bill, H.R. 1590, is important because it does two things. It requires the mandatory release of surplus products, and for the first time it is going to provide money for States and local organizations to move those products around.

This is very important. Since we have had the release of bonus commodities with the amendment that was added on to the farm bill a year-and-a-half ago, we found that the Department has been reluctant to truly release these commodities and help the States move the products in a way that would be effective. We really welcome the Department's announcement that, for instance, they are going to release other products such as corn and nonfat dry milk. It's amazing to think that the Federal Government holds more nonfat dry milk than any other commodity, and yet they have been sitting on a study which indicates that there will be no displacement of fluid milk. We are welcome to see that release, but it took your efforts, Mr. Panetta, and the pressure of this bill to get the Department to move in this manner.

In the same regard the Department has had the authority to help States and local organizations with moneys to help move this product, but it took this bill to get this kind of action.

We are very happy to see that you have got some safeguards within your legislation because we do not, of course, want to see normal expenditures for food being displaced. Of course, we don't need to see headlines in the coming years of food that is distributed being wasted.

Also, your provision that says there must be some planning, that USDA has to announce in advance of what product may be available. If I could take just a minute to talk about this planning, an official of USDA went before American School Food Service just 1½ weeks ago and announced that they wanted schools to cut back on their cheese orders. The Department is saying they can't get the industry to reprocess and package the cheese in forms that they could distribute. Any fault of repackaging or making this product available for delivery is poor planning on the Department's part. We have known for 1½ that they have the authority and the instruction of Congress to move this product out to needy people. It is short of a crime that these kinds of long contracts have not been offered to the industry and the ability to look ahead and see what kind of demands are facing us. We are hoping again that the presence of your bill will hasten the Department to take care of this problem.

I see my time is coming to a close. I have covered most of the comments that I think are important to make at this time, though I would like to support Mr. Stambaugh's statement in watching how we distribute this money to the States. States have carried the burden of distributing this commodity. They receive deliveries at the State level and they have got to get it out to the locals. Some States do better than others in this regard, and I think we do need a flexible form of funding to make sure that we are moving these products in the most economical form available.

I would also like to support Mr. Matz' statement calling for an advisory committee within USDA. I would join, along with an advisory committee, the caution that this committee take strong oversight. We welcome your bill and we welcome expanding commodity

distribution. We welcome opening more bonus commodities to the needy and we welcome the moneys to help move those products. But at the same time I think we all have to join in a responsibility to make sure that the commodity system works well for all concerned.

I really appreciate the chance to come and speak with you.

[The prepared statement of Ms. Fridy appears at the conclusion of the hearing.]

Mr. PANETTA. Thank you very much, Ms. Fridy. I really appreciate your testimony.

Ms. Naida.

#### STATEMENT OF LINDA NAIDA, LEGISLATIVE ASSISTANT, NATIONAL GRANGE

Ms. NAIDA. I am going to dispense with the reading of the prepared statement since Ms. Fridy has already said pretty much what I am going to say.

But I would just like to add that the grange represents the farmers and ranchers and we know that commodity distribution programs alone will not solve the current problems of supply and demand. The grange is supporting the payment-in-kind program and we have always supported commodity distribution. We feel that H.R. 1590 will be a great complement to all the existing programs.

We are glad to see that rice and corn will be included. We hope that eventually we will be using plenty of other commodities, and we also think that by mandating the Secretary of Agriculture to mandate this program, that it will be a very strong distribution system, versus discretionary authority. The grange is very pleased that you called these hearings and we offer our endorsement wholeheartedly.

[The prepared statement of Ms. Naida appears at the conclusion of the hearing.]

Mr. PANETTA. Thank you all very much for your testimony. You have all very obviously followed the legislation and you are aware of the provisions.

I think we have good bipartisan support on this legislation. We are hoping to proceed with markup on it by Thursday. Tomorrow we are in budget debate so I am going to have to schedule markup on Thursday and then try to move it to the full committee as soon as I can.

I do think it is important—as a matter of fact, the vote that is taking place right now is the vote on the conference report on the jobs bill, which is now moving through—I think that bill is an important precedent to establish, because, indeed, it lays the ground work for what we are trying to do on a more permanent basis. For that reason, I thank you for the views that you have provided and we will be back to you if we have any problems as the legislation goes through, to ask for your resources in terms of convincing any questionable members to support the legislation.

Ms. Barlow, thank you again. I appreciate having the input from the marketing area. There is always the concern raised as to whether in fact by doing this we may be undermining the market-

ing operation in the food chain, but the reality is that this is, in fact, a supplement to the kinds of things you are doing. I am just pleased to have that testimony. I think that is important to be able to refer to.

Thank you again for your testimony. I thank all of you in the Chamber for your participation and your patience in listening to the testimony, and also thanks to my colleagues for participating during the day.

This hearing is now closed.

[Whereupon, at 5:15 p.m., the subcommittee was adjourned.]

[The prepared statements and submitted material follow:]

TESTIMONY OF JOHN W. BODE, DEPUTY ASSISTANT SECRETARY  
FOR FOOD AND CONSUMER SERVICES  
U.S. DEPARTMENT OF AGRICULTURE  
BEFORE THE  
HOUSE AGRICULTURE SUBCOMMITTEE ON  
DOMESTIC MARKETING, CONSUMER RELATIONS AND NUTRITION  
MARCH 22, 1983

Mr. Chairman, Members of the Committee, it is my pleasure to address you this morning regarding H.R. 1590 entitled The Emergency Food Assistance and Commodity Distribution Act of 1983." Before I address the specific provisions of this proposed legislation, I would like to take a few minutes to bring you up-to-date regarding the current status of our efforts to feed needy Americans, and announce some new initiatives we are doing on our own. Then I will discuss the various provisions of H.R. 1590.

Current Feeding Programs

As you well know, the Food Stamp Program is the primary vehicle through which we provide food assistance to low-income people throughout the Nation. The Food Stamp Program currently reaches 22 million people, nearly one American in ten, at a monthly cost of nearly \$1 billion. The average food stamp recipient will receive monthly benefits of \$42.67 compared to \$35.35 in Fiscal Year 1980. Total program costs have increased from \$8.3 billion in 1980 to an estimated \$12.0 billion this year.

The Special Supplemental Food Program for Women, Infants and Children (WIC) has also been growing in recent years. Funding for the WIC program has grown from \$712 million in Fiscal Year 1980 to \$1,060 million this year. Our latest

participation figures show that 2.4 million low-income women, infants and children are receiving benefits from this program. This represents a 20 percent increase in participation since last year. Participation in the Commodity Supplemental Food Program, which serves a population similar to WIC, has also grown significantly during the past year.

The child nutrition programs continue to meet the nutritional needs of children. On a daily basis, the School Lunch Program provides full reimbursement for over 10 million meals each school day and provides partial support for meals served to 13 million other school children. The other child nutrition programs meet the nutritional needs of children in day care centers, in summer feeding sites and in the breakfast program. In total, the child nutrition programs will cost approximately \$3.6 billion this year.

In addition, there are special programs, administered by the Department of Health and Human Services, designed to meet the special nutrition needs of the elderly. The Department of Agriculture provides commodity and cash support to these programs which provide nutritious meals to older Americans at congregate feeding locations and to those who are homebound.

While a substantial amount of food assistance is provided through cash subsidies, we also have a massive food distribution network. Last year, through our various outlets we distributed over 1.8 billion pounds of food valued at over \$1.4 billion. The commodities we provide are acquired under price-support activities and market interventions to remove surpluses. Also, some purchases are made strictly to meet preferences expressed by school food service officials.



These programs have successfully addressed poverty-related hunger in America. Through the various food assistance programs, we are currently subsidizing, either fully or in part, some 95 million meals per day. In addition to the \$17.5 billion in direct assistance, we are also providing \$1.1 billion in our special dairy distribution and bonus commodity donations for a total of \$18.6 billion. Since this Administration took office, the cost of Federal food assistance programs has grown by 34 percent. Taking inflation into account, real growth in program expenditures has been 6.7 percent.

There is a popular myth that the Federal government is holding vast quantities of foods that could readily be turned over to poor people. In fact, most of the grain that we store is not available for distribution. There has been reference to 1.2 billion bushels of wheat in government programs. This amount is either committed for foreign donation, in farmer-owned reserve or under loan. Of the 185 million bushels of wheat the government owns, part is committed to the Food Security Reserve to meet foreign food aid requirements and the rest will be utilized in the recent wheat flour sale to Egypt or commitments under the PIK program.

Except for process cheese, USDA owns no "table-ready" foods. All other commodities that we hold in uncommitted inventory are purchased and stored in raw form and require expense to process and package for distribution to the needy. We have taken steps with regard to dairy product distribution. Also, we are increasing donations of other commodities to charitable institutions--soup kitchens, hospitals, correctional facilities, and other on-site feeding operations, including aid to some food banks.

The actions we take must also consider potential displacement of commercial sales. We should not distribute products to such an extent that we later purchase more of the same products under the price-support programs.

The question we face today is how to expand our efforts to provide additional assistance to needy Americans and help alleviate these surplus situations. Let me describe what we plan to do to help this situation.

#### New Initiatives

First, we will extend and expand our successful cheese and butter distribution programs. We have already authorized for distribution 500 million pounds of cheese and 125 million pounds of butter. This equates to over 15 pounds of dairy products for every person below poverty in the United States.

Because of great success of this program and the support it provides to the needy and elderly, we will go beyond the amounts currently authorized and extend the December 31, 1983 deadline for new orders.

Second we have pilot tested the distribution of nonfat dry milk in three States and Wayne County, Michigan. The purpose of the pilot was to assess the impact of distributing nonfat dry milk on commercial milk sales. Preliminary results indicate that significant displacement of commercial sales has not occurred at tested distribution levels. Based on these results, we will expand nonfat dry milk distribution on a nationwide scale. We will begin taking orders in April for nationwide distribution over a three-month period, May to July. All available instantized milk will be allocated to the States. Primarily due to the required time for processing, this distribution will be phased in and available produce will be allocated to States.

Third, we will soon begin distribution of rice and corn meal. USDA owns

significant amounts of both rice and corn which are unprocessed and as such are not suitable for household consumption. We have begun contracting for processing and repackaging of rice and corn. The specifics of this new effort will be announced shortly.

#### Dairy Distribution Program

I would like to spend a few minutes discussing our current special dairy distribution program. Through tremendous cooperation of Federal, State and local governments, food banks, charitable institutions and private companies, this program, which is barely a year old, has been a great success. When the program was initiated by President Reagan in December of 1981, we set a modest target of 30 million pounds of cheese for the entire Nation. In the early months of the program, State and local governments were concerned about lack of Federal funding for intrastate distribution and handling costs. As the program has become established, State governments and local distributors have developed a number of innovative ways to overcome what were first thought to be significant obstacles. Let me give you a few examples.

- Grocers in Colorado and Illinois volunteered their cold storage and transportation facilities.
- National Guard units in New Jersey, New York and Mississippi have incorporated dairy deliveries into their training programs. In all, ten States are using the National Guard to help in the same manner.
- The Minnesota Governor formed a Committee, headed by a private corporation officer on loan to the State, to spearhead a successful statewide fund raising effort to underwrite local distribution costs.
- Labor unions in Iowa called out their members to staff local distribution centers and have helped Iowa to lead the Nation in per capita

distribution of cheese and butter.

There are many more examples of innovative ways that States and local communities have found to put together successful distribution efforts at minimal costs. In all, 45 States have used some State funding to assist volunteer efforts.

Another important point is that on the average the Federal government is absorbing approximately 97 percent of the cost of providing dairy products to needy individuals.

USDA purchases, processes, packages and distributes these products to convenient locations within each State, including drop-off shipments to small outlets in some sparsely populated areas. We have worked hard to establish and stock warehouse and delivery locations as specified by States. Through these efforts we have minimized State and local costs associated with the special dairy distribution. We are committed to continue to work with States to minimize their costs by making our deliveries as close to the ultimate recipients as possible.

As the success of the special dairy distribution program points out, the funding of State and local distribution activities is not necessary to be effective in such an effort.

Though the Department is in general agreement with the goals of H.R. 1590, we oppose the bill because the additional authorities it provides are not needed.

The present uses of existing Departmental authorities are fully responsive to the real needs for distribution of surplus commodities.

H.R. 1590

Let me now review the major provisions of H.R. 1590 and summarize the Department's position on each.

1. The bill would require the donation of price support commodities to certain public and nonprofit organizations. The only prescribed upper limits of commodities to be so donated are either the total CCC inventory or some uncertain amount which might be requested and used without waste. All current authorities utilized by the Secretary for donation appear to be superceded and the current beneficiaries of those donations are lumped together as a lesser priority of eligible recipient. The bill also loosens the terms of those recipients' eligibility by omitting the current limitations on support to charitable institutions. Their current support is determined on the basis of needy persons served. The bill creates a very loosely defined set of eligible recipients, an undefined limit on benefits, and charges the Secretary with responsibility for keeping the donations from impacting food expenditures by recipients.

The broad "entitlement" created by the bill is inconsistent with a direction that food expenditures not be reduced. The only circumstance in which the Secretary can obtain reasonable assurance that food expenditures would not be reduced is when he has discretion over what to donate and in what amounts. Under current circumstances, the only commodities we should be donating to the described "emergency recipients" are cheese, butter, nonfat dry milk, rice and corn meal. Also, we do not believe that traditional levels of support to current eligibles should be reduced by reason of such donations.

2. The bill establishes an entitlement which requires USDA to pay up to \$10 million annually for processing costs ordered by eligible emergency recipients. We believe the Secretary should have discretion in deciding what processing costs USDA should defray. The CCC is already absorbing substantial processing costs.
3. The bill would require the Secretary to publish, by the beginning of each fiscal year during which the bill is in effect, an estimate of the quantities of commodities to become available for distribution in each of the next two fiscal years. It is not reasonable to assume that the Secretary would be able to project for two years into the future just what commodities will be available. We prefer that this provision be deleted so that the Secretary may alert States and recipient agencies on a timely basis as items become available.
4. The bill prohibits States from charging recipients and recipient agencies for costs related to commodity distribution, and requires USDA to advance or reimburse funds to States for a broad range of State and local costs. This provision would result in additional Federal outlays of up to \$65 million annually. We believe that this is an unnecessary Federal expenditure. State and local governments and recipient agencies have been managing quite effectively using their own resources. As I mentioned earlier, all States have been successfully distributing butter and cheese without Federal administrative funding. To provide such funding would serve to undermine State and local commitment to an efficient intrastate distribution effort.

This provision would provide administrative funding for distribution of commodities to traditional outlets, such as schools and charitable institutions. These outlets, which account for the major share of our distribution activities, have long managed to make effective use of commodities without significant Federal subsidies to defray intrastate distribution costs.

To summarize, the existing food assistance programs are effective in preventing poverty related hunger in the United States. Together with existing commodity distribution activities, these programs are the vehicle through which the Federal government is spending more than ever before to meet America's food assistance needs.

The Administration is moving to make appropriate commodities available in forms suitable for household distribution. Other steps that would be taken by enactment of this legislation---creation of an entitlement status for certain organizations, Federal funding for State and local distribution activities which are now underway, and establishment of entitlement type rights for certain processing activities---are unnecessary and expensive drains on the Federal budget. Therefore, we do not support H.R. 1590.

I will be pleased to answer any questions that the Committee Members have.

STATEMENT OF  
THE AMERICAN SCHOOL FOOD SERVICE ASSOCIATION  
MARCH 22, 1983  
BEFORE THE  
COMMITTEE ON AGRICULTURE  
U.S. HOUSE OF REPRESENTATIVES  
H.R. 1590

Good morning Mr. Chairman, Members of the Committee, my name is Marshall Matz. I am an attorney with the law firm of Barnett & Alagia and I am appearing here this morning in my capacity as counsel to the American School Food Service Association.

The American School Food Service Association (the Association) is pleased to be able to express its strong support for H.R. 1590 and urges its passage by the Congress. Federal commodity support is an important part of the federal effort to provide nutritious meals to the nation's children through the school lunch program and other child nutrition programs. The dairy products that schools currently receive as a bonus, without charge or credit, proved indispensable in holding down the costs of school lunches for millions of children in the face of drastic budget cuts.

As you know, Mr. Chairman, the child nutrition programs had their federal funding reduced by one-third, or approximately \$1.5 billion, during the 97th Congress. As a result, some 3 million children were forced from the school lunch program. A third of these children, or approximately 1 million, had formerly



received free or reduced price lunches. Were it not for the bonus commodity program, these statistics would have been even higher.

On January 12, 1983 the Association wrote to Secretary Block, after announcement of the Payment in Kind (PIK) Program, requesting that he add to the "bonus list" such surplus commodities as corn, rice, wheat and other commodities that are to be distributed through the PIK program. Our premise was that if the Department is going to use our agricultural surpluses for hog feed and chicken feed, and for free donations overseas, the commodities should also be shared with the nation's children through the national school lunch program. On February 2, 1983, the Department rejected our request, stating that "present conditions do not permit favorable consideration".

The Association believes, therefore, that if the Congress wants the Secretary of Agriculture to share the nation's bounty with low income and unemployed persons, school children, and the elderly, H.R. 1590 must be adopted. This legislation provides an objective standard or trigger mechanism requiring the Secretary to release surpluses under clearly ascertainable conditions. The current subjective standard contained in the Agriculture and Food Act of 1981 has not been adequate.

Let me comment just briefly on the other provisions of H.R. 1590 which the Association believes are important to a comprehensive program:

\* If an effective bonus commodity program is to be established, it should provide sufficient federal administrative funds to enable the states to distribute the surplus commodities to the local level. Currently, many states charge local agencies, including schools, a "service charge" for the distribution of "free" commodities. These charges undermine both the agricultural and humanitarian purposes of the bonus program. Sec. 1114(a)(5), as amended, would remedy the problem by providing federal administrative money for the first time.

\* As a corollary, states should be prohibited from charging schools for state administrative expenses. The proviso in section 5 to this effect is therefore extremely important to the Association.

\* Lastly, the Association also urges the Committee and the Congress to adopt Sec. 1114(a)(7), as amended, which requires the Secretary to establish a system under which all schools will have access to commodity processing, at their own expense, if they so choose. The Secretary of Agriculture announced his intentions to implement such a plan in May of 1982. Unfortunately, the regulations were never issued.

In summary, Mr. Chairman, the American School Food Service Association would like to commend you and the co-sponsors of H.R. 1590 for introducing what we believe to be an extremely important piece of legislation. H.R. 1590 is a comprehensive and bold attempt to use the overwhelming agricultural resources of the United States to serve domestic eligible recipient agencies that are in need of our agricultural bounty. Bonus corn, rice, and wheat would greatly strengthen the national school lunch program and allow schools the ability to keep down the cost of the meals they serve to millions of children each day.



**bread for the world**  
a christian citizens' movement in the usa

**TESTIMONY OF BREAD FOR THE WORLD  
BEFORE  
THE SUBCOMMITTEE ON DOMESTIC MARKETING  
CONSUMER RELATIONS AND NUTRITION  
OF THE  
HOUSE AGRICULTURE COMMITTEE**

Presented by  
**Tricia Gabany**  
March 22, 1983

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 United Methodist  
 James Wright  
 U.S. Representative from Texas

Mr. Chairman and distinguished committee members, I appreciate the opportunity to testify on behalf of Bread for the World. Bread for the World is a Christian citizens' movement with over 43,000 members across the United States. Bread for the world supports government policies which help hungry people.

I would like to commend Representative Panetta for his initiative, HR 1590, which plans to alleviate some of the hunger which afflicts people in the United States. The affliction is so great that one in seven Americans currently lives below the poverty line. That means over 33 million people are living under conditions which foster malnutrition and hunger. Those who feel the effects of hunger and malnutrition are relatively powerless. They are the elderly, children, the disabled, ... the poor.

Many U.S. citizens as well as Congress are concerned about the baffling set of problems which confront us: hungry people, tons of surplus food, and bankrupt farmers. The obvious solution to these problems would be to distribute surplus food to those most in need. Bread for the World applauds these efforts to meet the needs of poor people in the United States.

It is clear from the statements which we have heard today that many Americans are having difficulty meeting the nutritional needs of their families. However, this nation still does not have a systematic way to determine the extent of hunger and malnutrition. Bread for the World has long urged Members of Congress to establish a system to monitor the nutritional status of our people, especially

low income people, children and elderly citizens. Such a system could help us now, when we are trying to identify real and potential nutrition problems so that we might better plan emergency programs such as HR 1590.

Congress should recognize that the solutions which we are pursuing in this hearing are only temporary. The realities of hunger, low incomes and unemployment, will not be solved by giving people food. Only when this country has the political will to provide food security for all its people, can the problems of hunger be solved.

Bread for the World has several recommendations to make HR 1590 more effective in meeting the needs of hungry people.

1. The commodity distribution program should be considered an emergency program to last from 6 months to 1 year. This way recipients will be clear that the commodities will be provided while supplies last. Commodities, including milk, butter, corn, soybeans, wheat, cheese, etc., can add important nutrients to the diets of hungry U.S. citizens. However, commodities cannot supply a nutritious and balanced diet for more than an emergency period. Commodities are not an adequate substitute for existing federal food programs which are based on strong nutritional guidelines. Bread for the World opposes any attempt to replace existing food programs with commodity distribution programs.

2. Commodities are already in some food programs, such as school meals, elderly feeding and Food Distribution on Indian Reservations. Bread for the World supports the expansion and use of bonus

commodities provided there is no reduction in the normal commodity allotments or normal cash expenditures for the program because of the donations. Therefore, Bread for the World recommends that the legislation include a provision that commodities should not be counted as income to recipient institutions.

Similarly, Bread for the world is aware of a case in Aurora, Illinois where a elderly person received donated commodities through a food distribution program. When her social security income check came the next month, the value of the commodities had been deducted. A town official quickly rectified the situation and she received the full amount to which she was entitled. The law should be clear on this matter. Bread for the World recommends the legislation clearly state that commodities donated to individuals should not be counted as income.

3. HR 1590 allocates up to \$65 million for state and local distribution costs. These funds are crucial to the success of distribution programs, and Bread for the World supports their use. Many food banks, food pantries, and soup kitchens operate on very tight budgets and cannot use commodities because they are unable to cover the cost of storage, distribution, transportation, and administration. Bread for the World questions if the amount of funds allocated for distribution will be adequate to meet the needs of the recipient agencies, particularly in rural areas. The funds allocated for distribution by HR 1590, may need to be increased as true costs of distribution are discovered in the operation of this emergency program.

4. HR 1590 provides up to \$10 million to process commodities into forms which are suitable for use in emergency programs. Most small agencies are unable to use commodities unless they are processed into products which can be easily stored and distributed to individual recipients. Bread for the World strongly supports this provision.

5. Bread for the World strongly supports the provision in HR 1590 which allows emergency feeding centers to have the first option to receive uncommitted inventory in CCC. We recommend that migrant worker centers be included in the listing as emergency centers, because of the low income and unemployment which prevails among migrants.

6. Bread for the World appreciates the work of this subcommittee in maintaining the integrity of the Wheat Food Security Reserve in HR 1590. This reserve was established to be used to meet the needs of hungry people in developing countries in times of shortages. Without the Wheat Food Security Reserve, food assistance can shrink precisely at the time when it is most needed -- during famines and periods of tight world supply or financial crisis. Bread for the World is concerned about the recommendation to use the reserve in legislation.

a. Bread for the World would like to see the reserve protected from drawdowns for purposes unrelated to its enactment.

b. The reserve is designed to be used in times of shortage not surplus.

c. The wheat in the reserve is not part of the agricultural surplus overhanging the market.

d. There may be emergency needs in India and Bangladesh this year, which will make claims on the emergency release provision of the reserve (300,000 tons).

Bread for the World hopes that the committee will carefully consider the recommendations mentioned above.



**Statement of  
First National Supermarkets, Inc.**

Thank you, Mr. Chairman, for the opportunity to appear before this subcommittee. My name is Susan Barlow. I represent First National Supermarkets, Inc., a chain of 160 supermarkets located in New York, New England and Northeastern Ohio, headquartered in Cleveland, Ohio. Our combined yearly sales are one billion, 200 million dollars. My company is an active member of the Food Marketing Institute, although I am not representing FMI or acting in their behalf.

I would like to preface my remarks by saying that First National Supermarkets considers hunger to be one of the most serious problems facing this country. I can tell you that hunger is growing in Northeastern Ohio, and the other five states of the Northeast in which we do business. We know this to be true from our customers, our employees and the community organizations with which we work. We strongly support and have given substantial donations to Foodbanks and other charitable organizations attempting to deal with hunger.

From a governmental point of view we believe that the Food Stamp, WIC, EFNEP, School Lunch and other child and elderly nutrition programs have been by far the most effective use of taxpayer's dollars in eliminating hunger. This is especially true in the inner city areas in which we do business including Cleveland, New York, Boston and other urban areas.

In recognition of the growing hunger problem, First National Supermarkets strongly supports the legislation currently before this subcommittee, the "Emergency Food Assistance and Commodity Distribution Act".

We support this legislation as long as the following

principles are adhered to:

1. Funds for the Food Stamp, WIC, EFNEP, School Lunch and other child and elderly nutrition programs are maintained at current levels without further cuts in spending or reduction in case loads.
2. Food oriented entitlement and discretionary programs continue to be strictly based on cash.
3. Distribution of commodities, or any increase in the quantity and variety of USDA commodities, is looked upon as a temporary rather than permanent solution to the on-going problems of hunger, unemployment and related economic problems.
4. Defense budget growth is reduced from 9% to 5% in recognition of the growing federal deficit, and the cost of entitlement and discretionary programs.

In short, we are asking for a realignment of governmental spending priorities. We fully support distribution of surplus government commodities, as long as these commodities do not trigger reductions in government nutrition programs or conversions of these programs to commodity distribution ones. Commodities are needed in addition to the current funding levels of the Food Stamp program. After all, everything the poor need to eat is not available from surplus commodities.

First National Supermarkets is not the only organization which feels strongly about the need for commodities and the relationship that exists between commodities and food stamps for those who need both.

The mayor of Cleveland, George V. Voinovich, has authorized me to say that he wholeheartedly supports my company's position concerning this legislation. He further requests this committee

and Congress to expeditiously pass this much needed legislation.

First National Supermarkets has a strong working relationship with the Cleveland Food Network, an organization of more than twelve business and community organizations.\* I've listed some of the organizations that agree with our position on commodities.

I discussed the major provisions of this legislation at a meeting of this organization on Tuesday, March 15. The members present at this meeting agree that this legislation is needed to provide emergency food assistance to low income and unemployed persons. They applaud this committee's sincere efforts and quick action in addressing the hunger crisis. The company I represent concurs fully with their opinion.

In reference to this legislation, First National Supermarkets would like to specifically support the following basic provisions of this bill:

- \* Charitable organizations such as foodbanks and soup kitchens be given first choice of government surplus food.
- \* Farmers be given second choice of government surplus food through the government "Payment in Kind" program.

\* List of organizations:

Consumers League of Ohio

Greater Cleveland Community Foodbank (member of Second Harvest)

Greater Cleveland Community Holiday Basket and Food Program

Greater Cleveland Welfare Rights Organization

Cuyahoga County Cooperative Extension Service

Hunger Task Force of Greater Cleveland Inter Church Council

Nutrition for Greater Cleveland

St. Vincent DePaul Society

- \* Government surplus foods remaining from these two priorities be offered to child and elderly nutrition programs such as the school lunch and senior citizen feeding programs.

We do not believe that moving commodities into the areas in which we sell food will significantly affect our business. We believe that the related problems of hunger, unemployment and economic need are that severe. We disagree with the "displacement theory" that says food sales will decrease if people receive free commodities like flour, cornmeal or dried milk.

To our knowledge this has not happened with the free cheese distribution. Over the past year and a half, tons and tons of cheese have moved into the heart of our marketing areas in Cleveland and the Northeast. We have noticed no measurable decline in cheese or other specific food sales that we can attribute to the cheese distribution.

We believe that regardless of the number or variety of commodities released, we will continue to sell large quantities of fresh fruits, vegetables, meats and ethnic foods that have strong emotional appeal in our inner city and suburban markets. Again, everything the poor need to eat is not available in commodities.

As to the poor becoming dependent on commodities, we believe that people will not stand in commodity lines or eat in soup kitchens if they have a workable, dignified alternative.

I have said that distribution of commodities have not and will not affect our bottom line. I want to be clear about those factors which have affected our bottom line in the past two years, and affected it very negatively.

Unemployment coupled with reductions in major nutritional programs like the Food Stamp program have had a far greater impact than soup kitchens, commodity distributions, foodbanks and other charitable efforts ever could have.

In the counties in which we do business, unemployment figures range from 9% to 24%. Even though the federal Food Stamp budget figures are growing, they are not keeping up with the growing demand among needy people.

In one county in Northeastern Ohio, Lake County, our Food Stamp deposits decreased 7% between the last four months of 1981 and the same time period in 1982. Unemployment figures for Lake County increased from 10% to 15% in the same time period. Due to these conditions we regularly gets calls in this county and others asking for food donations. Clearly the Food Stamp program is not meeting their needs.

In review, First National Supermarkets believes that the legislation currently before this committee can help relieve the hunger crisis in many communities across the country. We would ask you to recognize the importance of the four principles previously discussed regarding this legislation, including realignment of overall federal budget objectives. We do not support President Reagan's \$1.4 billion dollar budget cut in food assistance and nutrition education programs for 1984. Supermarkets cannot stay committed to our inner city stores if the Food Stamp budget continues to be cut.

In summary, we wish to commend this committee for your quick response to the growing hunger crisis and pledge our cooperation on two important points.

The dollars committed to the Food Stamp, WIC and other super-market nutritional programs will be fully utilized to achieve

the essential goals of these programs. Secondly we will continue to work with Foodbanks, and similar charitable organizations to see that our corporate resources are fully and responsibly used to eliminate hunger in the communities in which we do business.

Statement of Robert Wager, President, American Bakers Association, on HR 1590, The Emergency Food Assistance and Commodity Distribution Act of 1983. Tuesday, March 22, 1983

My name is Robert Wager, I am President of the American Bakers Association. The ABA is the trade association of the wholesale baking industry. Our members produce and distribute over 80 percent of the bread and rolls sold in the US.

I appear today in support of HR 1590, The Emergency Food Assistance and Commodity Distribution Act of 1983. I will also propose certain amendments to the bill.

The need for this legislation is self-evident. The hearing of this subcommittee in Cleveland earlier told in dramatic form what we all know - there is a real hunger problem in this country.

The media is full of stories almost daily about people who suffer from malnutrition in a tent city in Houston or in a church mission in Des Moines. There are millions of "new poor" in America who are gripped by the ravages of the recession.

At the sametime, the cutbacks in other institutional feeding programs have reduced their ability to serve children, the elderly, plus the sick and other needy people.

This bill will not solve all these problems, but it will enable us to make effective use of the abundant agricultural commodities now stored across the land. It makes no sense to maintain huge

surpluses, when there are American citizens who would benefit from consumption of the food now.

So we commend you, Mr. Chairman, and the other Members who have cosponsored this bill. Our concern stems from the fact that under the bill, non-emergency food distribution would take place only from commodities remaining after the operation of the P-I-K program, other CCC sales and certain international commitments are met. We fear that under this plan, there will be no wheat left to distribute as a bonus commodity. The CCC stocks are down to a low level after the Egyptian Flour Sale. There is no physical shortage of wheat, it is simply a bookkeeping matter. We believe that the baking industry can make a major contribution toward alleviating hunger and malnutrition in this country. We certainly desire to do so.

Accordingly, to assure the participation of the wheat foods industry in this program we recommend that the following language be included in the bill:

In the event wheat stocks acquired by the Commodity Credit Corporation are not available for purposes of this Act, up to 500,000 metric tons of wheat designated pursuant to section 302(b) (1) of the Food Security Wheat Reserve Act of 1980 may be used for the purposes of this Act. Any amount of wheat used from the food security wheat reserve pursuant to this subsection shall be replenished by an equivalent quantity of wheat designated pursuant to the provisions of section 302(b) by such date as is practicable, but in no case later than September 30, 1984.



A question has been raised concerning the speed with which this program could be implemented. So far as we are concerned, it could begin tomorrow. The bonus commodity program is already established within the USDA. The Private Sector Inventory regulations have been drafted but have not been released by the OMB. I assure you that as soon as this program is approved the bakers will enter into contracts with the Secretary for the wheat and arrange for its transportation, processing and distribution as nutritious bakery products.

Another question has been raised concerning whether this program will merely displace others. There are three answers to this. First, section 1114(a) (6) is specifically designed to prevent this. And second, where the need is so great and so clear, we ought not to quibble about minor details of administration. I am sure the USDA can adequately police this matter. Now is the time to get on with the program. Finally, let me assure you that the baking industry is not interested in substituting one sale for another. We hope it will help us to expand the market for nutritious, economical bakery products.

In closing, I want to commend you especially Mr. Chairman, for taking the lead in this important area. I am sure the subcommittee will draft a bill which will result in an effective program which will benefit millions of needy Americans. The ABA is ready to help in this effort.



## **national milk producers federation**

1840 Wilson Blvd., Arlington, VA 22201  
(703) 843-6111

Patrick B. Healy  
Chief Executive Officer

The National Milk Producers Federation is a national farm commodity organization representing virtually all of the dairy farmer cooperatives and their dairy farmer members who serve this nation by producing and marketing milk in every state in the Union.

Since its inception in 1916, the Federation has actively participated in the development of dairy programs which are a part of a total system of agricultural law and policy which can appropriately be termed a national food policy.

The policies of the Federation are determined by its membership on a basis that assures participation from across the nation. The policy positions expressed by NMPF are thus the only nationwide expression of dairy farmers and their cooperatives on national public policy.

Before the  
SUBCOMMITTEE ON DOMESTIC MARKETING,  
CONSUMER RELATIONS AND NUTRITION

of the  
COMMITTEE ON AGRICULTURE  
UNITED STATES HOUSE OF REPRESENTATIVES

With regard to  
H.R. 1590  
Emergency Food Assistance to Low Income  
and Unemployed Persons and to Improve the  
Commodity Distribution Program

March 22, 1983

Susan Fridy, Director  
Consumer and Nutrition Programs  
Legislative Representative

Mr. Chairman and members of the Subcommittee, I am Susan Fridy, Director of Consumer and Nutrition Programs and Legislative Representative for the National Milk Producers Federation. In our representation of dairy farmers marketing through their cooperatives, we have had a long and strong history of support for the Commodity Distribution Program. We have worked closely with a coalition of twenty other commodity groups in support of commodity distribution. We welcome, Mr. Panetta, your bill which has been so carefully drafted to provide assistance at this time of remarkable national commodity surplus which occurs at a time in our economy when we find so many of our fellow citizens in need of food assistance.

The Commodity Distribution Program of the United States Department of Agriculture, fills two great needs. Every dollar spent to purchase commodities does the work of two dollars. The same dollar which provides schools, needy families, food banks and other eligible recipients with a significant volume of the nutritious foods they require also works to help stabilize the farm economy.

The logic of the Commodity Distribution Program is as sound today as it was back in the 1930s when it was initiated as a solution. At that time, the availability of food to Americans was disrupted by drought, dust storms and the depression. The United States government initiated the system of acquiring crops with depressed markets and putting them to good use in programs such as the school lunch program. Through the years, purchase and distribution of commodities by USDA has become an essential mechanism for the operation of Federal nutrition programs and for the survival of farmers and ranchers.

The goals of H.R. 1590 are in complete compatibility with the goals of the Commodity Distribution Program. H.R. 1590 seeks to target those in our nation who are most in need; the unemployed and the underemployed. The bill provides for the mandatory release of surplus commodities to food banks and other eligible recipients providing congregate meal service, home delivered meals and individual family receipt of surplus commodities. The Secretary of Agriculture has had authority to designate these surplus commodities as bonus to make them available free of charge to the needy.

However, to date, only dairy products have been provided on a substantial and regular basis to the needy. We welcome H.R. 1590 because of its expansive nature as well as the fact that a number of safeguards are incorporated to insure that such distribution will not diminish eligible recipient's normal expenditures for food and that such distribution would occur without waste.

We agree that low income and unemployed persons should receive priority in receiving government commodities. At the same time, with the great surpluses that we are currently facing, particularly those of dairy, we urge the Committee to assure that traditional users of commodities such as our schools will not have their deliveries disrupted. Recently an official of USDA announced to the American School Food Service Association that the schools were going to be requested to cut back on deliveries. While we understand that USDA has taken measures to assure that dairy products will be properly processed and packaged for delivery to all eligible recipients, we urge USDA to plan far in advance so that no eligible recipients will have to be asked to cut back on orders.

H.R. 1590's requirement that the Secretary of Agriculture publish on a timely basis an estimate of the quantities of commodities to be available for distribution will help schools, food banks and other recipients to plan ahead for what commodities they can expect to be available. The provisions of the bill which allocate Commodity Credit Corporation funds to pay the cost of initial processing and packaging of commodities to be distributed will be an important step to assure that our surplus reaches those who need it in a form in which it can be used.

We would caution against any effort which would dip into Section 32 funds to cover distribution or repackaging costs. Section 32 funds are derived from tariffs of goods coming into this country. We have seen an expansion of Section 32 funds over the past number of years due to the rising costs of oil. With the OPEC reduction of oil charges, we can expect a smaller Section 32 funding level from which we can draw. These funds should be reserved for the actual purchase of surplus

commodities not protected by price support programs. Repackaging and handling of such products, both price support and non-price support, should be allocated from Commodity Credit Corporation funding.

We welcome the allocation of five percent of the commodity's value for the storage, transportation, handling and distribution of commodities to eligible recipients and agencies serving needy people. We would caution that care would be taken to assure that USDA designate the full value of the commodity in its calculations to provide the five percent funding. Any efforts to reduce the value of the commodities, such as to the level of world prices, will hamper the efforts to make these commodities available to the needy.

We need to safeguard that states have the authority as well as the responsibility to make up any difference in their costs not covered by the five percent value for distribution. We see across our nation varying degrees of effective distribution at the state level. We would regret any loopholes which would permit states to either drop their distribution programs altogether or hamper the smooth movement of commodities due to unintended loopholes in well-intended legislation.

We support the provisions of the legislation which will initiate a national processing program administered by the Secretary of Agriculture whereby commodities will be distributed directly to private companies for processing into and food products to be used by eligible recipients.

We welcome this legislation. We feel many of its provisions will strengthen the Commodity Distribution Program, which has suffered attacks over the past several years. I commend the Food and Nutrition Service under the direction of Assistant Secretary Mary Jarratt for its efforts in recent years to improve the Commodity Distribution Program and to assure that the actual distribution of products runs smoothly at the lowest cost possible while serving the needs of the recipients. This legislation should release additional bonus commodities such as corn meal, honey, rice and, if properly administered, wheat products. In addition, we encourage the release of nonfat dry milk to all eligible recipients. To date, only schools

have been receiving nonfat powder. It is our understanding that the preliminary data of a nonfat dry milk study conducted in three states shows that there has been no disruption of commercial markets due to the distribution of this government-held commodity. Nonfat dry milk is a nutrient-dense, easily stored, readily available food which should be released immediately from government warehouses and distributed to the needy across this country. Stocks in excess of over one billion pounds of nonfat dry milk hang over our markets. We urge release of milk powder with safeguards that the product will go to those in need and will be carefully distributed so as not to create any imbalance in commercial purchases. USDA is currently being overly cautious in withholding nonfat dry milk from the needy.

In summary, we applaud the efforts of this Committee to make surplus government commodities readily available to the needy people of our country, to provide expanded funding for reprocessing and distribution at the Federal, state and local levels. This is a nation of abundance. There is no justifiable reason that people in this nation should go hungry. Our only request, Mr. Chairman and other members of the Subcommittee, is that you do keep a careful eye to oversight to assure that every effort is made to provide high quality government held commodities to school children, disaster victims and the needy in a timely, quality controlled, cost effective system. Thank you for your attention in this matter.

# national grange

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Robert M. Frederick, Legislative Director



March 22, 1983

## STATEMENT OF LINDA NAIDA

Legislative Assistant

Before

THE HOUSE COMMITTEE ON AGRICULTURE

SUBCOMMITTEE ON DOMESTIC MARKETING, CONSUMER RELATIONS &amp; NUTRITION

Dear Chairman Panetta:

The National Grange is America's oldest, active farm organization with over 425,000 farmers and ranchers whose productivity enables us to produce food and fiber for export as well as to meet the needs of our country. The Grange thanks you for holding these hearings and we are pleased to present our views on HR 1590, the Emergency Food Assistance and Commodity Distribution Act of 1983.

The Grange maintains that American agriculture can and should produce at its capacity to enjoy sufficient economies of scale. However, with an overabundance of stocks the problem has come to be: how can government stocks be reduced to meet current demands? The Grange is aware of the problems of starvation in the world, our policies have encouraged U.S. programs of food assistance. We are also aware that the basic needs of food, clothing and shelter are not being met in our own country. With high unemployment, and many Americans down on their luck, we are seeing evidence of this all over the country.

The National Grange commends you Mr. Panetta for recognizing that we must come to grips with the seemingly contradictory problems of too much food and too many hungry. It must be stated from the outset that commodity distribution programs will not solve the current imbalance of supply and demand that is causing the build-up of reserve

Statement by Linda Naida  
The National Grange  
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commodity stocks in America. When economic vitality returns to our economy and to the world economy, this supply imbalance will largely disappear. In the interim, the Grange is supporting the payment-in-kind program as a means to reduce stocks and planted acreage.

The Grange has historically supported commodity distribution programs as a means of achieving balanced diets for America's needy. Since the 1930's, the government has played an active role in the purchase and distribution of commodities making these programs vital to the health of the disadvantaged, and as an integral component of our national food and agriculture policy. We endorse the federal government's role in commodity distribution programs such as the WIC, school lunch, and we view HR 1590 as a complement to existing programs.

Year to year fluctuations in agriculture production make it impossible to plan and produce the exact amount of food needed for domestic and foreign markets. We cannot avoid periods of surpluses and shortages. It is for this reason that farm programs have incorporated the concept of reserves. Government purchases in most years account for only a very small portion of crops, but that portion is significant to easing the surplus effects on commodity prices. The Grange believes that commodity distribution programs must also be seen as vital to our overall food production policies. As there will be costs associated with the purchase of surplus commodities, there will also be costs to an effective program of food distribution to the needy. There are costs that, although significant, must be paid to assure proper program operation.

The Grange believes that the estimated costs of this legislation are within the means of this country's ability to pay. We believe that the bill will result in significant dividends in the form of reduced public health costs caused by poor diets, retention of the productivity of our nation's idled workers, and through an expanded nutrition



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The National Grange  
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awareness. We do not believe that the program will in any way jeopardize the retail markets, on the contrary, by expanding the diets of the needy, this will eventually increase the purchase of dairy foods, grain products and meat.

The true strength of this legislation lies in the fact that at last, a commodity distribution program would be distributing that commodity in a useable form resulting in decreased costs to feeding programs while enabling processors to utilize excess capacity. We also endorse the provision which mandates the Secretary of Agriculture to make the distributions. We feel that this is necessary for an effective system.

In conclusion, the National Grange is pleased to offer our endorsement to HR 1586. We feel that it is a straightforward approach to the problems at hand. It is a well-balanced distribution program that will at last make a portion of our national agricultural bounty available to the institutions that attempt to feed the needy. Thank you.

# SYRACUSE UNIVERSITY

## COLLEGE FOR HUMAN DEVELOPMENT

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Leon E. Panetta  
Chairman  
U.S. House of Representatives  
Committee On Agriculture  
Subcommittee on Domestic Marketing,  
Consumer Relations, and Nutrition  
Room 1301, Longworth House Office Building  
Washington, D.C. 20515

March 18, 1983

Dear Representative Panetta:

I am pleased to have the opportunity to present my views on H.R. 1590. Although I am unable to appear at the March 22 hearings I am sending my comments in the hope that they will be useful to you and the other members of the committee.

I support the intent of the Act and can verify, from a study just completed in Onondaga County, the increased need for food by food pantries and community agencies. It is very important, though to consider this both as an emergency and supplementary bill. The 1986 expiration date is disheartening and I would hope that the time period could be shortened. I would also urge that the increase in commodity assistance in no way be used to justify a decrease in funding for the food stamp or child nutrition programs. We should all remember the very good reasons which supported the replacement of commodity distribution programs by the food stamp program in the early 1970's. One of the reasons was the inability of the commodity package to meet nutrient requirements because of the food mix and fluctuations in availability. In a very short-term program this should not prove to be as problematic but it would be helpful if some attempt were made to monitor this aspect.

My other comments are directed to items (1) (A) and (7) of Section 2.

Item (1) (A) designates emergency programs as first recipients of commodities. One suggestion which could be helpful in terms of distribution would be to allow small amounts of money to be used to set up food banks in those areas which have not had the resources to do so. Since an efficient food bank is one of the best distributors of foods the need to deal with large numbers of providers could be eased with this type of assistance.

Item (7) provides funding for the further processing of commodities ordered by emergency recipients and for distribution to other eligible recipients who bear the cost of processing. While in some cases this may be helpful to recipients and processors, care must be taken that the nutritional value of end food products not be diluted through over fortification, excessive refining, or inappropriate use of sugar, fats and oils, or sodium. Hungry people are no less in need of a balanced, adequate diet, nor no less concerned about or immune to the risks of diet-related diseases. There are instances in the past of highly fortified pastry products being approved for use in institutional feeding programs. It is important that this idea not be allowed to resurface even as an emergency measure. Whole food commodities, if provided over a short time period in great enough variety or used to supplement other programs, will be adequate to meet nutrient requirements. For the long term the ability to choose a variety of foods that meet the requirements of families can only be secured by access to adequate money through the food stamp program.

Sincerely,

*Katherine C. Clancy*

Katherine L. Clancy, Ph.D.  
Associate Professor  
Department of Human Nutrition

STATEMENT OF THE HONORABLE E. THOMAS COLEMAN  
DOMESTIC MARKETING, CONSUMER RELATIONS AND NUTRITION  
SUBCOMMITTEE  
MARCH 22, 1983

Mr. Chairman, I am pleased to be one of the cosponsors of H.R. 1590, a bill that will make an important contribution to helping needy people by sharing our surplus commodities with those most in need. Ours is a nation of plenty and yet despite some positive signs that the economy is turning around, there are people who are in need. At the same time surplus commodities are being stored by the Federal government. It only makes sense that these commodities be shared with people who can use them to feed their families.

H.R. 1590 makes surplus commodities - such as dairy products, corn, rice and honey - available in forms suitable for family or institutional use, as appropriate. It also provides reimbursement for the actual costs of transporting and storing these commodities within the states - at a level not to exceed 5% of the value of the commodities.

I believe that this bill effectively deals with two issues - the need to feed poor people and the food surpluses in agriculture. This is a timely and important bill and one that will contribute toward achieving resolution of these issues.

Thank you, Mr. Chairman.

UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

FOR RELEASE ON  
TUESDAY, MARCH 22, 1983

STATEMENT FOR THE RECORD BY  
BRIAN P. CROWLEY; ASSOCIATE DIRECTOR, SENIOR LEVEL;  
RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION

BEFORE THE  
SUBCOMMITTEE ON DOMESTIC MARKETING,  
CONSUMER RELATIONS, AND NUTRITION  
HOUSE COMMITTEE ON AGRICULTURE

ON

DEPARTMENT OF AGRICULTURE  
FOOD SURPLUS INVENTORIES AVAILABLE  
FOR DISTRIBUTION TO LOW-INCOME  
AND UNEMPLOYED PERSONS

This statement is being provided to assist the subcommittee in its consideration of H.R. 1590, the Emergency Food Assistance and Commodity Distribution Act of 1983. It provides information related to the Department of Agriculture's food surplus inventories available for distribution to low-income and unemployed persons. Specifically, we were asked to provide information on:

- The quantities, values, and locations of dairy, grain, and other products held in the inventory.
- Procedures the Department follows in filling orders from States for surplus dairy commodities.
- Procedures followed by the Department in processing dairy and grain commodities into usable form.
- Impediments to greater participation by Federal, State, and local organizations in providing foods for the needy.

--Actions taken by the Department on our May 1982 report on savings possible through better management of Government-owned dairy products.

#### BACKGROUND

The Department's stocks of dairy, grain, and other commodities acquired under price-support programs it administers are at an all-time high. As of December 31, 1982, the Government owned dairy products valued at about \$3.4 billion, wheat and rice valued at about \$809 million, oil and oil-seed products (which include peanut butter and other peanut products) valued at about \$78 million, and honey valued at about \$22 million. The Government also owned feed grains valued at about \$1.1 billion and various other products, such as sugar and vegetable oil, valued at about \$43 million.

We obtained data on the Government-owned inventories from the Department's Commodity Credit Corporation, a wholly owned Government corporation. The Corporation has no operating personnel; its programs are carried out primarily through the personnel and facilities of the Department's Agricultural Stabilization and Conservation Service (ASCS). ASCS' Kansas City (Missouri) Field Office has management responsibilities for the acquisition, handling, storage, and processing of commodities required to carry out the Corporation's program commitments.

We obtained the requested information primarily from the Kansas City Field Office. Because of the short time we had to

obtain the inventory data, we relied extensively on the Corporation's records and did not verify the accuracy of the data.

Furthermore, we did not obtain comments from the Department on the information in this statement.

Each of the subjects we were asked to provide information on is discussed below. The attachments provide more detailed statistical information.

#### DAIRY PRODUCTS

In summary, we found that:

- The Corporation's dairy inventories, as of December 31, 1982, consisted of about 503 million pounds of butter, about 945 million pounds of cheese, and about 1.4 billion pounds of nonfat dry milk.
- About 86 percent of the butter, 71 percent of the cheese, and 58 percent of the nonfat dry milk were less than 1-year old.
- The Corporation's cost to store dairy products has risen sharply, totaling over \$58 million for fiscal year 1982, compared with about \$36 million for 1981 and an annual average of about \$11 million for fiscal years 1977-80.
- The Corporation's cost to transport dairy products has also risen, totaling about \$54 million in fiscal year 1982, compared with about \$50 million for 1981 and an annual average of about \$16 million for fiscal years 1977-80.

Although the Corporation had about 185 million bushels of wheat in its inventory as of December 31, 1982, most--147 million bushels--was committed to the Wheat Food Security Reserve. The remainder was committed for export sales.

The Corporation had about \$3.9 billion in outstanding price-support loans for wheat as of December 31, 1982. The collateral for these loans consisted of about 1.1 billion bushels of wheat. The proportion of the collateral that will be acquired by the Corporation may be much less than it has been in the past because much of it is expected to be used for the payment-in-kind (PIK) program.

The Corporation had about 1.8 billion pounds of rough rice in its inventory as of December 31, 1982. The Deputy Director for Commodity Operations, Kansas City Field Office, ASCS, told us that, because the rice is of poor quality, large processing losses would result. According to this official, ASCS has estimated that in milling bulk rice to the standard export grade (no. 5), there would be a 40-percent loss. For a higher grade (no. 2), there would be a 70- to 80-percent loss.

The Corporation's inventory of feed grains (barley, corn, oats, rye, and sorghum) acquired under the price-support program totaled about 481 million bushels as of December 31, 1982. These commodities are not in a readily usable form as food items and would have to be processed. Even then, according to the Deputy Director, there would probably be a very low demand for

the type of food products that could be made from these grains (for example, corn meal and grits). Further, much of this grain could be used in the PIK program. For example, ASCS estimates that 1 to 2 billion bushels of corn will be needed for PIK, some of which may have to come from Corporation-owned stocks.

#### Other food products

The Corporation had nearly 39 million pounds of honey and about 8 million pounds of peanut butter in its inventory as of December 31, 1982. Honey is stored in a raw state in 55-gallon drums and would have to be blended and repackaged in smaller containers to be usable in a food donation program. The Corporation currently has a contract for processing and repackaging honey for use in other Food and Nutrition Service donation programs. Under this contract, the lead time (the time between ordering and delivering) for processing the honey is 2 months. The peanut butter on hand was not acquired under a price-support program but was purchased directly from suppliers specifically for the donation programs.

#### PROCEDURES USED TO FILL ORDERS

The procedures the Corporation uses to fill orders with price-support acquired commodities for the established donation programs, such as school lunch, differ from those used to fill orders for the special butter and cheese distribution program.

For the school lunch program, the Corporation receives quarterly estimates of the States' needs compiled by the Department's Food and Nutrition Service's regional offices.



After receiving these estimates, ASCS personnel identify the oldest dairy products in inventory and the locations of the warehouses in which they are stored. This information, along with the destination points, is fed into a computer which selects one or more firms to process the products based on transportation costs.

According to the Dairy Branch Chief, ASCS' Kansas City Field Office, however, actual quantities ordered by the States often vary substantially from their estimates. In such cases, the procedure's purpose--that is, the minimization of transportation costs--can be negated. This official said that to correct this situation, more accurate estimates or longer lead times for orders are needed.

The procedures used for filling orders under the special butter and cheese distribution program is less formal. No estimates of needs are made. Orders are placed by the States through the appropriate Food and Nutrition Service regional office. According to the Dairy Branch Chief, the orders are usually filled in the fastest way possible. He said that ASCS tries to use the oldest stocks first but is not always able to do this. He said that ASCS does consider transportation distance, time, and costs for all shipments.

#### IMPEDIMENTS TO GREATER PARTICIPATION

In accordance with a request from Representative Dennis Eckart of Ohio, we are currently reviewing public and private

efforts to feed the country's poor. Our review, which is being done in the Washington, D.C. area and portions of California and Ohio, has indicated a number of problems at various levels in the overall process of providing food assistance. These problems relate generally to funding, transportation, and staffing. We have neither examined these problems in depth nor determined their significance or prevalence Nationwide. We generally learned of them through discussions with food policy analysts and officials from over 30 emergency food institutions and/or through examination of various correspondence, studies, and documents.

Both the public and private sectors are involved in responding to the food assistance needs of the poor. In the current economic climate of high unemployment, an increasing number of Americans are seeking food assistance. Some analysts, as well as people involved in providing food assistance, believe that financial cuts in Federal- and State-social programs, together with the recession, has significantly contributed to the increased need for food.

Funding is a problem cited by officials of many nonprofit, charitable organizations, including food banks, soup kitchens, and food pantries. Officials of several organizations told us that--because of limited resources--they lack the storage space and warehouse facilities, office equipment, and/or food varieties and quantities needed to improve and increase the assistance they provide.

Transportation is another problem that was mentioned frequently, particularly by officials of California and Ohio organizations. Food banks must continuously address the problem of quickly arranging transportation by third parties to collect industry-donated foodstuffs. Officials of many organizations that prepare meals for delivery to "home-bound" clients cited a lack of adequate transportation. The transportation industry has, on many occasions, donated its services to help move food to the needy.

Staffing was also frequently cited as a problem. The operational success of many of the nonprofit, charitable organizations requires large numbers of dedicated volunteers and at least a core of paid staffers adept at getting the most out of very limited resources. According to these organizations' officials, however, they often must deal with volunteers who tend to be less than reliable, work irregular hours, do not possess needed skills, and whose enthusiasm wanes over time. We were told that the need is great for additional paid staffers who are on the job each day to coordinate and direct activities and who are generally more skillful than volunteers in soliciting donations of food and other resources.

Concerning the Department's special cheese and butter distribution program initiated in December 1981, officials of many of the organizations we contacted said that they were pleased to receive and distribute the commodities to the poor. They

cited a number of problems with the program, however, centering in three areas.

--The first was insufficient coordination at various levels. Officials of some emergency food centers told us that they were sometimes given too little advance notice of pending cheese and butter shipments. We were told that in some cases as little as 24-hours notice was received, which is too little time to make adequate arrangements for needed staffing, transportation, and storage. Also, some organizations complained that the distribution of cheese and butter was uneven and sporadic.

--The second area involved insufficient facilities, staffing, and funding resources to adequately handle and distribute the cheese and butter. Officials of some local organizations said that they could not participate in the program because they lacked cold storage or enough staff and volunteers to help in the actual distribution. Other organizations complained that their programs were administratively cumbersome and more costly than they had initially anticipated. Some organizations reportedly dropped out of the program because of their costs, and others had to finance their participation with funds that otherwise would have gone to other food assistance activities.

--The third area involved the quantities and variety of food commodities that were made available. Officials of a number of organizations told us that additional quantities of cheese and butter could always be used because the need for food is tremendous. They said that there is also a need for a greater variety of wholesome, nutritious food. A number of these officials expressed hope that the Department could offer a wider range of commodities for distribution to the poor.

We would like at this point to emphasize that our review for Representative Eckart is not complete and that we have not examined these problems in depth nor determined their application Nationwide.

SAVINGS POSSIBLE THROUGH BETTER MANAGEMENT  
OF GOVERNMENT-OWNED DAIRY PRODUCTS

On May 18, 1982, we issued a report to the Secretary of Agriculture (GAO/RCED-82-79) in which we concluded that the Department could save up to \$1.4 million annually if it purchased all of its requirements for 1-pound packages of butter directly from suppliers, thereby avoiding the costs involved in having to repackage butter purchased in bulk (such as 60-pound blocks).

We recommended that the Secretary direct the ASCS Administrator to establish a policy to buy the Department's requirements for 1-pound packages of butter directly from suppliers

whenever possible. We said that the Administrator should implement this policy immediately so that based on an analysis of projected needs and present inventory, part of the requirement for the next full quarter could be acquired in this manner. We added that for each succeeding quarter the Administrator should reevaluate Government-owned butter inventories to determine the amount such purchases could be increased so that eventually all requirements could be obtained by direct purchases.

The Administrator concurred in our conclusion that savings were possible by purchasing the butter in 1-pound packages directly from suppliers. At the time of our review, the Administrator said that he disagreed with our recommended timing for implementing the process. During a followup on this matter, we found that ASCS began purchasing butter in 1-pound packages for use in domestic donation programs in June 1982.

ATTACHMENT I

ATTACHMENT I

**ENDING INVENTORIES OF DAIRY PRODUCTS**  
**FISCAL YEARS 1979-83 (THROUGH FIRST QUARTER)**

	1979		1980		1981		1982		1st Quarter 1983	
	<u>Pounds</u>	<u>Value</u>	<u>Pounds</u>	<u>Value</u>	<u>Pounds</u>	<u>Value</u>	<u>Pounds</u>	<u>Value</u>	<u>Pounds</u>	<u>Value</u>
(millions)										
Butter	174	\$188	300	\$ 385	500	\$ 709	525	\$ 781	503	\$ 751
Cheese	4	4	227	309	619	887	946	1,395	945	1,393
Nonfat dry milk	<u>527</u>	<u>377</u>	<u>690</u>	<u>572</u>	<u>886</u>	<u>799</u>	<u>1,365</u>	<u>1,266</u>	<u>1,377</u>	<u>1,280</u>
Total dairy products	<u>705</u>	<u>\$569</u>	<u>1,217</u>	<u>\$1,266</u>	<u>2,005</u>	<u>\$2,395</u>	<u>2,836</u>	<u>\$3,442</u>	<u>2,825</u>	<u>\$3,424</u>

## ATTACHMENT II

## ATTACHMENT II

## ENDING INVENTORIES OF SELECTED COMMODITIES

## FISCAL YEARS 1979-83 (THROUGH FIRST QUARTER)

	Corn		Oats		Wheat		Rough rice		Peanut butter		Roney	
	Quantity (bushels)	Value	Quantity (bushels)	Value	Quantity (bushels)	Value	Quantity (cwt.)	Value	Quantity (pounds)	Value	Quantity (pounds)	Value
(millions)												
1979	100	\$ 209	3	\$ 3	50	\$ 118	8	\$ 73	.8	\$ .5	0	\$ 0
1980	256	596	3	3	202	705	2	19	2	1	0	0
1981	238	555	2	2	192	679	.05	.5	.2	.2	.7	.3
1982	302	709	.6	.7	191	679	16	130	8	6	18	10
First quarter 1983	429	1,019	.7	.8	185	669	18	140	8	6	39	22



## ATTACHMENT III

## ATTACHMENT III

AGE OF DAIRY PRODUCTS IN STORAGE AS OF DECEMBER 31, 1982

<u>Age</u>	<u>Butter</u>		<u>Cheese</u>		<u>Nonfat dry milk</u>	
	<u>Bulk</u> <u>(note a)</u>	<u>1-pound</u> <u>packs</u>	<u>Bulk</u> <u>(note b)</u>	<u>2- and</u> <u>5-pound</u> <u>packs</u>	<u>Nonfortified</u> <u>50-pound</u> <u>bags</u> <u>(note c)</u>	<u>Fortified</u> <u>50-pound</u> <u>bags</u>
	<u>(thousand pounds)</u>					
1 to 6 months	81,411	489	198,255	58,059	214,705	41,134
6 months to 1 year	222,979	66	250,960	22,178	426,588	—
1 to 2 years	50,846	35	189,073	16,944	401,403	—
2 to 3 years	—	4	4,671	3,493	96,118	—
3 to 4 years	4	—	—	—	—	—
4 to 5 years	19	—	—	—	—	—
5 to 6 years	31	—	—	—	—	—
<b>Total</b>	<b>355,290</b>	<b>594</b>	<b>642,959</b>	<b>100,674</b>	<b>1,138,814</b>	<b>41,134</b>

a/Packed in 60- to 68-pound blocks.

b/Packed in 40- and 60-pound blocks and 500-pound drums.

c/Does not include 43 50-pound bags of nonfat dry milk purchased in Oct. 1976 and 8.7 million pounds of instantized nonfat milk in 4-pound boxes.

ATTACHMENT IV

ATTACHMENT IV

DISPOSITION OF DAIRY PRODUCTS  
OWNED BY THE COMMODITY CREDIT CORPORATION

FISCAL YEARS 1979-82

	Sales		Donations				Total
	Domestic	Export	Schools and needy	Military	Prisons	Foreign	
(million pounds)							
1982:							
Butter	10.5	26.1	117.5	16.5	2.1	13.2	185.9
Cheese	10.4	17.7	324.5	2.5	0.7	11.0	366.8
Nonfat dry milk	62.8	90.9	54.9	0	0.5	319.8	528.9
Total	83.7	134.7	496.9	19.0	3.3	344.0	1081.6
1981:							
Butter	0.1	291.9	107.9	9.2	1.2	0	410.3
Cheese	6.6	0.9	164.3	2.6	0.3	0	174.7
Nonfat dry milk	60.8	183.0	44.9	0	0	219.2	507.9
Total	67.5	475.8	317.1	11.8	1.5	219.2	1092.9
1980:							
Butter	5.1	0	100.5	9.2	1.1	0	115.9
Cheese	2.1	0	145.1	1.0	0.2	0	148.4
Nonfat dry milk	81.9	121.8	52.1	0	0.2	216.8	472.8
Total	89.1	121.8	297.7	10.2	1.5	216.8	737.1

ATTACHMENT IV

ATTACHMENT IV

	<u>Sales</u>		<u>Donations</u>				<u>Total</u>
	<u>Domestic</u>	<u>Export</u>	<u>Schools and needy</u>	<u>Military</u>	<u>Prisons</u>	<u>Foreign</u>	
	<u>(million pounds)</u>						
<u>1979:</u>							
Butter	14.2	0	92.8	8.1	1.5	0	116.6
Cheese	0.3	0	40.9	0	0.1	0	41.3
Nonfat dry milk	<u>81.6</u>	<u>3.2</u>	<u>79.4</u>	<u>0</u>	<u>0.3</u>	<u>168.6</u>	<u>333.1</u>
Total	<u>96.1</u>	<u>3.2</u>	<u>213.1</u>	<u>8.1</u>	<u>1.9</u>	<u>168.6</u>	<u>491.0</u>

ATTACHMENT V

ATTACHMENT V

STORAGE AND TRANSPORTATION COSTS FORGOVERNMENT-OWNED COMMODITIESFISCAL YEARS 1979-83 (THROUGH FIRST QUARTER)

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1st quarter 1983</u>
	<hr/> (thousands) <hr/>				
<u>STORAGE COSTS:</u>					
Dairy products:					
Butter	\$ 4,983	\$ 6,499	\$ 15,017	\$ 18,752	\$ 4,916
Cheese	343	1,994	12,481	25,835	9,245
Nonfat dry milk	<u>5,030</u>	<u>5,338</u>	<u>8,595</u>	<u>13,467</u>	<u>4,135</u>
Subtotal	\$10,356	\$ 13,831	\$ 36,093	\$ 58,054	\$18,296
Feed grains	37,511	67,517	99,838	109,485	39,743
Wheat and wheat products	13,309	39,125	61,571	65,185	15,104
Rice, rough and milled	8,023	5,057	970	5,026	5,334
Oils and oilseeds	1,033	1,233	546	577	1,072
Other (note a)	<u>2,329</u>	<u>6,151</u>	<u>1,213</u>	<u>904</u>	<u>244</u>
Total	<u>\$72,561</u>	<u>\$132,914</u>	<u>\$200,231</u>	<u>\$239,231</u>	<u>\$79,793</u>
<u>TRANSPORTATION COSTS:</u>					
Dairy products:					
Butter	\$ 2,665	\$ 6,550	\$11,530	\$12,326	\$ 2,720
Cheese	1,918	7,124	17,993	21,322	5,042
Nonfat dry milk	<u>8,244</u>	<u>13,100</u>	<u>20,337</u>	<u>21,037</u>	<u>4,043</u>
Subtotal	\$12,827	\$26,774	\$49,860	\$54,685	\$11,805
Feed grains	9,378	39,931	20,336	11,839	8,035

## ATTACHMENT V

## ATTACHMENT V

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1st quarter 1983</u>
	<hr/> (thousands) <hr/>				
<u>TRANSPORTATION COSTS:</u>					
Wheat and wheat products	1,028	17,758	15,925	12,568	1,223
Rice, rough and milled	1,026	790	749	1,524	124
Oils and oilseeds	1,102	892	387	574	543
Other (note a)	<u>2,108</u>	<u>5,248</u>	<u>3,173</u>	<u>1,839</u>	<u>247</u>
Total	<u>\$27,469</u>	<u>\$91,393</u>	<u>\$90,430</u>	<u>\$83,029</u>	<u>\$21,977</u>

a/Includes commodities such as cotton, vegetable oil products, and sugar.

TESTIMONY BY  
 JOHANNA DWYER, D. Sc.  
 DIRECTOR  
 FRANCES STERN NUTRITION CENTER  
 NEW ENGLAND MEDICAL CENTER  
 and  
 ASSOCIATE PROFESSOR  
 TUFTS MEDICAL SCHOOL  
 BOSTON, MASSACHUSETTS

Background

I am Johanna Dwyer, D. Sc., Director of the Frances Stern Nutrition Center of the New England Medical Center in Boston, Massachusetts. This is the outpatient nutrition service of our hospital and as such, we come in contact with many patients including very poor patients, who may avail themselves of emergency food assistance. In my capacity as director, I also serve as principal investigator on a contract our Center has with the Division of Preventive Medicine, Massachusetts Department of Public Health to operate the Massachusetts Nutrition Resource Center for the Department.

The Resource Center provides consumer information and services to the citizens of the Commonwealth and attempts to deal with nutrition related problems as they arise. Presently in our State there is a great deal of need for emergency food assistance. Our Governor, Michael Dukakis, has taken steps to provide food and other services for those of our citizens who must avail themselves of these services. Our legislature, the Great and General Court, has just passed a "Good Samaritan Law" which makes it easier for supermarkets and other food industry members to make goods available to food banks and shelters.

As an associate professor at Tufts Medical School and at the Tufts University School of Nutrition, I am deeply interested in improving and enhancing the nutritional status of the nation's citizens. It is because of these interests that I wish to testify in support of your bill. I also wish to support the continuing efforts of you and your Committee to promote the nutritional health and well being of our citizens by support for the other food programs and nutrition education.

Commodity distribution is a useful and timely measure to cope with the acute problems created by the recession, but they alone are not enough nor can they supplant other food and non-food assistance to the poor, especially to those among the poor who must adhere to therapeutic diets for health reasons. Therefore support the bill as a supplement but not a substitute for other programs, such as food stamps, WIC, school lunch and breakfast, the other food programs of the USDA, and the limited monies which are presently available for nutrition education of our citizens. Moreover the need for nutrition education is an adjunct to these other programs as a means for leveraging dollars spent on food assistance to maximize the good these programs can do must be recognized. Finally, we need to continually monitor the health and nutritional status of our people, particularly those who are most disadvantaged, during these difficult times.

Specific Comments on HR1590, "Emergency Food Assistance and Commodity Distribution Act of 1983"

I support your bill and hope it will stimulate the USDA to get surplus commodities to the people who need them the most. That certain of our citizens are in real need is apparent to me and others on our staff in the patients we see here in the hospital and the questions we get from consumers at the Massachusetts Nutrition Resource Center. The food banks and shelters for the homeless in our state are helping to meet this need. We are attempting to help them by providing nutrition information and assistance to

operators of these facilities through our individual efforts and through the Massachusetts Nutrition Resource Center, which can help to direct those in need to these facilities and provide suitable nutrition related information both to the facilities and to individual citizens.

You wisely recognize in your bill that even though certainly the food banks are in need of help, that this program should not supplant other food programs of the USDA.

In my judgement all programs, including these new proposals, need to be evaluated. It is important to realize (as I know you do realize, but many others do not) that the overall development of the food assistance program has been a gradual and salutary thrust toward nutrient adequacy rather than simply foods. Giving away commodities is a short term solution but not a long term one. There are other ways which must be thought of to deal with long-term problems.

#### Linkages with Nutrition Education and Information

Let me briefly describe one example of one effort we plan to launch soon in our state to assist food banks in dealing with nutrition education related issues. The Frances Stern Nutrition Center operates, for the Commonwealth of Massachusetts, the Massachusetts Nutrition Resource Center in the Division of Preventive Medicine of the State Health Department. The mission of the Massachusetts Nutrition Resource Center is to provide nutrition outreach to the citizens of the Commonwealth, especially those who are at high nutrition risk. Subject to the approval of state officials, we plan soon to mount an outreach program to provide nutrition information and education to those using food banks and to also better assist those operating food banks. The outreach campaign's title will be "Nutrition Sense." Other status or groups may find such a plan to also be useful.

#### 1. Goal

To provide nutrition information for low income people which is suitable and relevant to improve their nutrition status within the context of voluntarily instituted free meal programs and food pantries, with the object of eventually expanding coverage to the hard pressed in the Commonwealth as well.

#### 2. Objectives

1) To provide information to assist the hungry in these groups in:

a) Choosing varied diets which are well balanced and moderate.

(1) the pantry volunteers should be able to put together 3 day baskets which are balanced from the nutrition sense.  
(MARC may develop food groups exchange lists and other materials to help here)

- (2) the pantry users should be able to plan such diets which include these foods (MNRC will distribute information assisting them)
- (3) the meal site users should also be able to plan such diets. (MNRC will distribute information assisting them)
- b) Utilizing low cost food items in planning daily meals and increase awareness of how to use less popular, low cost, nutrient dense foods.

Some nutritious foods such as wheat, berries, tofu, yogurt, bulgar, chickpeas, etc., are available in abundance in the food banks but are not readily used. MNRC will provide recipes and information on this. Every month the three food banks in the State send out newsletters. MNRC will work with the banks to try to increase the nutrition and food use information in these newsletters if possible. Also, we will explore the number of food pantries in the State, and if it is below 100, attempt to reach these pantries with recipes and nutrition information for use of these foods.

- c) Increasing knowledge on proper preparation and handling of food to prevent unnecessary wastage of the food dollar.

MNRC will prepare food sheets for food pantry users to assist them in storing the foods they pick up from the food banks in order to minimize loss of nutrients.

MNRC will prepare and distribute fact sheets for those who prepare meals at feeding sites to store and prepare food properly.

MNRC will also prepare fact sheets for individual users who pick up food baskets from the food pantries to assure that storage is maximum from the nutrition standpoint.

- 2) To adopt the materials produced for the hungry (e.g. those most in need) for use by the "hard pressed" target group and to selectively disseminate information to those within this group.
  - a) Make fact sheets available through MNRC to those who request them.
  - b) Write and publish newspaper columns on the message.
  - c) Develop PSA's on radio which provide the same message.
  - d) To provide answers to citizen's questions in these fields via the MNRC hotline or by mail.
  - e) To coordinate with other agencies and volunteers within the state to fill gaps in nutrition information and education for the target groups. Specific organizations of particular interest include EFNEP, the Cooperative Extension Service, the Project Bread Hunger Hotline, community health groups, the 2 food banks in the state, and the several score of food pantries in the Commonwealth.

### 3. Target Groups

- 1) "The hungry" - These are the destitute people who must use food pantries and free meal programs. We will attempt to reach:



- a) Users of voluntarily stocked food pantries and free meal programs for the needs throughout the State of Massachusetts. These are stocked through three food banks (Worcester, Boston and Western Massachusetts) which are warehouses for volunteer foods in the community. How many?
  - b) Pantry organizers and those who serve meals to the destitute at meal sites. These are the operators of the food banks.
- 2) The "hard pressed" and potentially hungry who are facing economic hardship.

These are people who are at the poverty line who are not necessarily users of the food pantries or free meal programs. The group also includes those at middle income who have been laid off and are on unemployment or who otherwise have fallen on hard economic times. How many?

This hard pressed group consists not only of those who are at 125% of poverty (who are usually eligible for food stamps and EFNEP, etc. but who rarely use food pantries and meal programs) as well as better off people or groups which are above 125% of poverty but who are also experiencing difficult economic times.

4. Slogan - Make Nutrition Sense

The slogan emphasizes our goal of assisting people to eat well and nutritiously for less in these difficult times from the economic standpoint.

The messages will include the storing, handling, planning, recipe selection, and food budgeting to assure nutritious meals and diets are consumed by these nutritionally vulnerable target groups.

5. Checks for Nonduplication

The question arises as to how our efforts to provide information in these areas and to these people might overlap with the efforts of the Extension Services, especially EFNEP Programs, which are funded to provide nutrition education to the low income (125% or less of poverty level).

Many of the materials that EFNEP/County Extension Services in Massachusetts have produced are appropriate to the issues MNRC would want to address. While most of the materials and information have already been prepared, the EFNEP's outreach and their capacity to handle phone calls is limited e.g. in Suffolk, 800 direct visits to homes a year, 500 phone calls per year. The EFNEP people see this limited reach as a big drawback to their program and support any efforts MNRC would undertake to expand outreach to the needy.

#### Observations on Problems Among Destitute Patients Seen in Our Clinic

In the past year our staff has brought to my attention several problems which very poor or destitute patients we see have experienced which are related to the issues your committee is now considering. Let me briefly provide a few relevant examples.

Recently we saw a gentleman who had serious problems with hypertension and overweight who, in addition to medications was placed on a low sodium diet. The man is destitute. He received (along with many others nationwide) free cheese and several pounds of butter in the recent food distribution schemes. The cheese was of a high sodium variety and not suitable for his therapeutic diet. This case, and a similar one of a diabetic patient we also saw recently (who was also on a special diet for his problem and who received bonus commodities which were not in line with his diet) show that while commodities can be useful as an adjunct, they do not replace other programs which permit greater flexibility in the choice of foods.

Some of our destitute elderly patients tell us of other problems they have making use of surplus commodities. Many live in boarding houses of single rooms and lack the storage capacity for keeping even several pounds of cheese or butter. Most of them also have difficulties in carrying large parcels of such food and lack transportation.

Our staff members feel that dietitians can be and have been helpful here in Massachusetts in helping operators of food banks, half way houses and shelters in dealing with these and related problems among their participants as best as they can, but that a great deal more remains for us to do.

#### Conclusion

I support your bill and applaud your efforts to strengthen the food programs and nutrition education efforts at the federal level.

**Nutrition Sense  
Hunger Outreach Project  
Plan**

**Goal**

To provide nutrition information for low income people which is suitable and relevant to improve their nutrition status within the context of voluntarily instituted free meal programs and food pantries, with the object of eventually expanding coverage to the hard pressed in the Commonwealth as well.

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1. To provide information to assist the hungry in these groups in:
  - a. Choosing varied diets which are well balanced and moderate.
    - 1) the pantry volunteers should be able to put together 3 day baskets which are balanced from the nutrition sense. (MNRC may develop food groups exchange lists and other materials to help here)
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  - b. Write and publish newspaper columns on the message.
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  - e. To coordinate with other agencies and voluntaries within the state to fill gaps in nutrition information and education for the target groups. Specific organizations of particular interest include EFNEP, the Cooperative Extension Service, the Project Bread Hunger Hotline, community health groups, the 2 food banks in the state, and the several score of food pantries in the Commonwealth.

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  - a. Users of voluntarily stocked food pantries and free meal programs for the needs throughout the State of Massachusetts. These are stocked through three food banks (Worcester, Boston and Western Massachusetts) which are warehouses for volunteer foods in the community. How many?
  - b. Pantry organizers and those who serve meals to the destitute at meal sites. These are the only users of the food banks. How many?
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These are people who are at the poverty line who are not necessarily users of the food pantries or free meal programs. The group also includes those at middle income who have been laid off and are on unemployment or who otherwise have fallen on hard economic times. How many?

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## GENERAL TIPS:

1. Plan meals before shopping.
2. Make shopping list of foods needed.
3. Look for specials, sales and coupons in newspaper ads, radio and television spots. Remember, coupons only save dollars on products you need and normally buy.
4. Try to shop only once a week to avoid impulsive and expensive extras.
5. Shop alone, if possible. Children and/or spouses tend to run up the food bill.
6. Compare brands. Store brands or generic brands are usually cheaper.
7. Be flexible. If there is a significant difference in price, be willing to substitute one food for a like product, e.g. if romaine lettuce costs 89¢ a head and iceberg lettuce costs 69¢ a head, buy romaine.
8. Buy in quantity when you need it and can use it, if the price is right. The "large economy" size is only a bargain if you can use it in a reasonable period of time and/or have enough space to store it (refrigerator, freezer, etc.).
9. Compare convenience foods with those you must prepare from scratch. Sometimes convenience foods are cheaper, but check the price.
10. Figure cost per serving. Use this as a handy reference when buying meats.
11. Try not to shop when you're hungry, tired, or in a hurry.

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 BUYING BREADS & CEREAL PRODUCTS

Whole grain and enriched bread, macaroni and cereal products contain more vitamins and minerals than products that are not enriched.  
READ THE LABEL.

"Day old" breads are usually available at a greater savings either at supermarkets or at bakery outlet stores. Avoid sale-priced "goodies." They're never a bargain nutritionally.

"Instant" and quick cooking rice costs more than regular, enriched rice. Seasoned and flavored mixes are much more costly. To save money, add your own favorite herbs and spices to the rice while it's cooking.

## SHOPPING TIPS (continued)

## BUYING MEAT

The best buys are the cuts and types of meat, fish, poultry that provide the most lean meat for the money spent.

Remember:

- 1 lb. boneless meat serves 3 - 5 persons
- 1 lb. meat with little bone serves 2 - 3 persons
- 1 lb. meat with large amount of bone serves 1 - 2 persons

Less expensive cuts of meat are just as nutritious as the more expensive cuts but need to be cooked longer at a lower temperature.

Look for specials - buy in large quantity only if you have the freezer space.

Other foods, such as eggs, nuts, dried beans and peas are good sources of protein and other nutrients and are less expensive than meat.

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BUYING MILK AND MILK PRODUCTS

Non-fat dry milk is the cheapest way to buy milk.  
The large box is least expensive for large families.

Fluid milk in gallon and 1/2 gallon containers costs less than quart containers. Home delivery or buying at "24 hour" convenience stores adds to the price.

Cheese spreads, processed cheese foods, and individually wrapped cheese slices are more expensive than block or sliced cheese.

Cream cheese has little nutritional value but does contain a lot of fat and calories. It is also expensive.

Ice cream is a very costly way to get recommended servings of milk.

-----  
BUYING FRUITS AND VEGETABLES

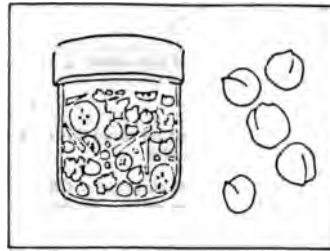
Fresh fruits and vegetables are often cheaper when they are "in season."

If your family is able to use a large quantity of fresh produce within a few days, buy it all at once. Remember, it's not a bargain if it's thrown away.

Check the price of fresh, frozen and canned fruits and vegetables to see which is least expensive.

Store brands and "no name" products are just as nutritious as name brands and usually cheaper.

Plain, frozen vegetables are just as nutritious and are cheaper than those with butter or sauce.  
Add your own sauce and save money.



Chick peas were cultivated from early times in Mesopotamia and in the lands bordering the Eastern Mediterranean, later spreading to India and other parts of Asia. It is not in the same botanical group as the common pea and resembles it only in being an edible leguminous seed. Chick peas are called cecì in Italy, Garbanzos in Spanish-speaking countries, and Bengal gram in India. They are eaten in great quantities in the warm countries where they are grown, but are less known to Northerners. Chick peas have a nut-like flavor, and keep their shape well when cooked. Many salad bars at restaurants have added chick peas to their selection of items.

## Nutritive Value

Nutrition Information Per Cup (200 grams)

Dry, raw  
Yield: 1 cup dry = 2 cups cooked

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Calories	720
Carbohydrate	122 grams
Protein	41 grams
Fat	9.6 grams
Sodium	52 milligrams
Potassium	1.59 milligrams
Iron	13.8 milligrams

## Selection

Chick peas are available dry, by the pound or in packages, in some food coops and specialty shops. They are also sold as a cooked, canned item in supermarkets.

## Storage

Chick peas should be kept in tightly covered containers and stored in a dry, cool place (50-70 degrees Fahrenheit). Stored in this manner, they will keep their quality for several months. If bought packaged keep in its original package until opened. Then store it in a glass or metal jar or a container with a tight-fitting lid.



## Preparation

1 cup dry peas and 4 cups water = 2 cups cooked

### Garbanzo Bean Dip

Our taste-testers all voted this a top-notch dip -- it is an adaptation of a favorite Middle Eastern dish.

2 cups cooked chick peas OR	3 cloves garlic, chopped
1 (15 oz.) can garbanzos (chick peas)	1/3 cup salad oil
1/2 teaspoon salt	1/4 cup lemon juice
1/8 teaspoon pepper	2 tablespoons chopped parsley

Drain chick-peas through sieve and wash under cold running water until water runs clear. Place in blender with salt, pepper, garlic, salad oil and lemon juice. Blend until smooth. You may need to add 1 extra tablespoon oil to make mixture liquid enough.

Remove from blender container and combine with parsley. Chill thoroughly. Garnish with extra parsley sprigs, and serve as a dip for crisp fresh vegetables or with sesame seed crackers.

Yield: about 2 cups

### Falafel

Traditionally, falafel (garbanzo balls) are served as a filling for Arab Bread with fresh shredded vegetables and yogurt. The result is somewhat like a taco, but with its own quite distinctive savor.

1 medium potato	1/4 cup sesame seeds or paste
1 large bunch parsley or coriander	1 tablespoons yogurt
2 small onions	1 clove garlic, mashed
2 tablespoons oil	1 teaspoon salt
3 cups cooked, mashed garbanzo beans	dash cayenne
	1/8 teaspoon pepper
	1 teaspoon paprika
	juice of 1 lemon

Cook and mash potato and set aside. Mince leaves of parsley. Preheat oven to 350° F. Chop onions fine and saute in oil until soft. Stir in parsley and cook briefly. Add to mashed beans. Mix well with remaining ingredients. Form into balls or shape into patties, using about 2 tablespoons of mixture for each one. Place on greased cookie sheets and bake for 10 minutes on each side.

Makes about 24.

Prepared by Nutrition and Health Promotion Committee, Massachusetts Cooperative Extension Service,  
University of Massachusetts, Amherst, MA 01003

Available to the public without regard to race, color or national origin

Issued by the Cooperative Extension Service, Russ S. Whaley, Director, in furtherance of the Acts of May 8 and June 30, 1914, University of Massachusetts, United States Department of Agriculture and County Extension Services cooperating

12/79

project bread

## HUNGER HOTLINE

14 beacon street, room 608  
boston, ma. 02108

Jo-Ann Eccher, M.P.H.  
Hotline Coordinator  
Testimony on H.R. 1590 (Panetta)  
98th Congress 1st Session  
To Provide Emergency Food Assistance to Low Income and Unemployed Persons and  
To Improve the Commodity Distribution  
Submitted March 22, 1983

As a Public Health Nutritionist and Coordinator of Project Bread Hunger Hotline serving the emergency food network throughout Greater Boston, I want to go on record in support of H.R. 1590, to provide emergency food assistance to low income and unemployed persons and to improve the commodity distribution program. This will serve as a vehicle for improving access to food to the emergency food network in the Commonwealth of Massachusetts. This legislation is very timely as hunger resurfaces as a major social and public health problem in Massachusetts.

The Project Bread Hunger Hotline works with over 200 emergency food agencies, strengthening the bonds that exist among the soup kitchens and food pantries, mobilizing community resources to meet the needs of emergency food providers and ultimately improving the access to food in the community.

As Coordinator of the Hotline I am in daily contact with the emergency food providers, the food pantries and soup kitchens who are experiencing mounting demands for emergency foods. Some agencies are seeing increases of 200 percent. I can assure you that the need for more food to be made available to the emergency food network is a real one.

A Mobile Soup Kitchen, Stone Soup, serves a nutritious noon meal in five parks in the South End of Boston. Last year the total served was 40, today as we speak they

connecting community resources for the hungry **523-7010**

are serving 40 at their first stop and at the end of two hours will have served 120 individuals including women and children. The need is not limited to the Boston area. Soup kitchens in Framingham, Lynn and Beverly are expanding their days of operation to serve the need for emergency food and meals in their communities. These organizations which get their food from the Boston Food Bank will benefit from an increase in the absolute availability of food in the community.

Over one million pounds of surplus processed cheese and half a million pounds of surplus butter will be distributed to the poor of Massachusetts early this year.

While we continue to advocate for Federal food and nutrition programs it is necessary to assure that there is a distribution plan for surplus government commodities to emergency food providers. Emergency soup kitchens, food banks and food pantries have not benefited from previous distribution due to lack of appropriated funds to cover administrative, storage and transportation cost of the Commodities. Food pantries and soup kitchens which are largely the noble efforts of churches, synagogues and nonprofit social service agencies have the volunteers but not the funds to cover distributing Commodities. The Emergency Food Assistance and Commodity Distribution Act of 1983 (H.R. 1590) will essentially enable emergency food providers to say "yes" to a hungry man, woman or child.

In Massachusetts the State Department of Education which handles Commodity distribution charges agencies an 8 per centum assessment fee for Commodity goods available to soup kitchens. Emergency food providers in Massachusetts are concerned that the payment to state agencies not exceeding 5 per centum of the fair market value of the Commodities may still not cover the cost of actually making the food available to the hungry.

As a Masters trained public health nutritionist, I commend Representative Panetta for introducing legislation that will increase the absolute availability of foods in the community, and increase the variety of foods to be made available to emergency food pantries so that they may provide more nutritionally balanced food packages and meals. Furthermore, I thank the Committee for not relying on "instant" solutions such as food fortification in addressing the needs of the hungry as we have ineffectively done in many third world countries by advocating for unproven solutions such as adding synthetic amino acids to food or fortifying inappropriate foods, such as sugar, salt and carbonated beverages.

The food pantries throughout Boston were concerned with the term "processing" of the "bonus" items. Many of the providers familiar with the already existing nutritional inadequacies of the unemployed and the homeless feared that enormous sums of money may go into processing food leaving the food void of nutritional value.

Emergency food providers in Greater Boston are also concerned that the bill explicitly allow for the dual receipt of food stamps and commodity foods and that commodity goods are not counted as income in assessing eligibility for entitlement programs. Without this language it is feared that the poor will continue to suffer.

Food and Hunger Advocates throughout Greater Boston, concerned with hunger as a global problem and concerned with a growing sentiment to plight domestic hunger against international hunger continue to press for the preservation of the Federal Grain Reserve. They commend H.R. 1590 for maintaining the Reserves.

Finally, it should be noted that the Project Bread Hunger Hotline and the Boston Emergency food Network recognize emergency food programs, food banks, food pantries, soup kit and Commodity foods as emergency responses to the immediate needs of hungry people. These programs provide limited, temporary, "emergency" assistance and should not be construed in any way as a substitute for adequate

governmental support for food and nutrition, welfare and social programs.

We also recognize that there must be continuous insistence upon the retention of Federal responsibility for food and nutrition programs. Enumerated among these programs are food stamps, WIC, child nutrition and elderly feeding. These programs must be strengthened and maintained to enable the transition of the homeless and the hungry to permanent housing and employment; and to prevent the homelessness of those individuals and families making the choice between food and shelter.

No one knows the absolute number of hungry and malnourished people in any given area, no one knows the nutritional status of the hungry in any given area. The demands being placed upon the private sector are a reflection not a certain measure of increased want and need. Addressing hunger in America requires both shortterm perspectives such as commodity distributions and long term solutions such as continuous surveillance and monitoring of who is undernourished in America in a comprehensive and ongoing manner on a local level.

For example, in Greater Boston thirty one soup kitchens, and over 100 food pantries are serving a population with visible physical signs and indicators of malnutrition; dull, dry, plackable hair, angular fissures scars at the corner of mouths, swollen lips, spongy gums, mental irritability and confusion, spoon-shaped nails, yet there is no system to document these physical signs along with anthropometric, biochemical and dietary assessment tools.

For example in Massachusetts, the state experiencing the lowest unemployment of the 11 industrial states, 260,000 are unemployed, 81% of the 200,000 women infants and children eligible for the W.I.C. program get nothing; and 29% fewer low income individuals are receiving food stamps than in 1979, yet .

there is no means to assess the nutritional status of these individuals in a systematic way.

Yes Commodity foods are desperately needed in Massachusetts to feed the unemployed, the homeless, the elderly, the deinstitutionalized, household without adequate cooking and storage facilities and whole families that just can not make ends meet. Commodity distribution will not end hunger in America, to end the suffering we need long term solutions, jobs, continuation of federal food and nutrition programs, and National Nutrition Monitoring to document who is hungry and undernourished and allow for the allocation of limited resources to programs to prevent disease, promote health, provide stability to our lives and reduce hunger.

On behalf of the Emergency Food Providers in Greater Boston and on behalf of the hungry in Massachusetts I thank you for allowing me to testify in favor of H.R. 1590 , "Emergency Food Assistance and Commodity Distribution Act of 1983."

Submitted by:

*Jr. Am Lynn Cooper, M.P.H.*  
Coordinator

Project Bread Hunger Hotline

AGRICULTURE SUB-COMMITTEE ON DOMESTIC MARKETING,  
CONSUMER RELATIONS AND NUTRITION PUBLIC HEARING

INTRODUCTORY REMARKS: HAROLD E. FORD, NINTH DISTRICT, TENNESSEE

TESTIMONY: PEGGY W. EDMISTON, DIRECTOR OF COMMUNITY SERVICES FOR  
SHELBY COUNTY GOVERNMENT, SHELBY COUNTY, TENNESSEE

Mr. Chairman Panetta, Members of the Sub-Committee on Domestic Marketing, Consumer Relations and Nutrition, it is with great pleasure that I have the opportunity today to introduce Peggy W. Edmiston from my home district of Memphis, Tennessee.

Mrs. Edmiston is the Director of the Community Services Department for Shelby County, Tennessee, which is the agency administering the commodity Distribution Program in my district.

I would like to commend Mrs. Edmiston and her staff for the successful manner in which our commodities have been distributed in Shelby County. Some 58,000 households received cheese and butter in each of three food distributions.

I think you will see from Mrs. Edmiston's remarks that this program is very important to the poor and needy people of my district. Shelby County is the largest recipient of Food Stamps and Aid for Dependent Children in the Southeastern United States. The organizations of my district providing assistance to the needy, elderly and to the child nutrition programs are in urgent need of these commodities.

Members of this Sub-Committee, I urge you to expand the commodities which are included in this food program to include all surplus commodities currently available. I also hope that you will offer Federal assistance to the States in bearing the costs of this awesome task of distribution. The Commodity Distribution Program has provided some relief to the truly needy of our Country, and it is important that we continue to make every effort to help those who require our help at this most difficult time.

I would like to ask Mrs. Edmiston to give her testimony at this time and to offer any suggestion she might have on ways to improve this program to help in our common goals to better reach the hungry people we all represent.

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, MY NAME IS PEGGY W. EDMISTON, DIRECTOR OF COMMUNITY SERVICES FOR SHELBY COUNTY GOVERNMENT, SHELBY COUNTY, TENNESSEE. I WANT TO THANK YOU FOR THIS OPPORTUNITY TO SHARE SOME OF OUR EXPERIENCES AND RECOMMENDATIONS IN REGARD TO DISTRIBUTING SURPLUS U.S.D.A. DONATED DAIRY PRODUCTS IN MEMPHIS AND SHELBY COUNTY.

SHELBY COUNTY GOVERNMENT, IN COOPERATION WITH A MYRIAD OF COMMUNITY AGENCIES AND VOLUNTEERS, HAS COORDINATED THREE MASSIVE DISTRIBUTIONS OF DAIRY PRODUCTS. FOR THESE THREE DISTRIBUTIONS, THE STATE OF TENNESSEE PLANNING OFFICE SERVED AS THE FOOD BANK FOR THE STATE AND DEVELOPED A STATEWIDE PLAN FOR DISTRIBUTION.

IN SHELBY COUNTY AND TENNESSEE, THE FIRST DISTRIBUTION WAS TARGETED TO RECIPIENTS OF SUPPLEMENTAL SECURITY INCOME. DURING THAT DISTRIBUTION, WE DISTRIBUTED SOME 100,000 POUNDS OF CHEESE TO SSI RECIPIENTS AND OTHER LOW INCOME PERSONS. THE SECOND DISTRIBUTION OF SOME 300,000 POUNDS OF CHEESE WENT FIRST TO FOOD STAMP RECIPIENTS. ANY REMAINING CHEESE WAS ALLOTTED TO AGENCIES SERVING LOW INCOME INDIVIDUALS OR THOSE THAT OPERATE FEEDING PROGRAMS FOR THE POOR.

THE LAST DISTRIBUTION OCCURRED THE LAST WEEK IN FEBRUARY, 1983. WE DISTRIBUTED APPROXIMATELY 300,000 POUNDS OF BUTTER, FIRST TO FOOD STAMP RECIPIENTS (IN ACCORDANCE WITH THE STATE'S PLAN) AND ANY REMAINING BUTTER AGAIN WAS ALLOTTED TO COMMUNITY AGENCIES SERVING THE LOW INCOME, ELDERLY, ETC.

ALTHOUGH OUR THREE DISTRIBUTIONS IN SHELBY COUNTY OPERATED IN A SMOOTH, EFFECTIVE MANNER, WE ARE PROPOSING A NEW SYSTEM FOR ON-GOING DISTRIBUTION OF SURPLUS U.S.D.A. DONATED DAIRY PRODUCTS FOR SEVERAL REASONS:



FIRST, IN A COUNTY THE SIZE OF SHELBY WITH OUR INORDINATE POOR POPULATION, A MAJOR PROBLEM IS ALWAYS JUST SHEER NUMBERS.

SECONDLY, TARGETING A SPECIFIC POPULATION FOR DISTRIBUTION (I.E., FOOD STAMPS, SSI) CREATES MANY PROBLEMS. ABOUT THE ONLY WAY TO HANDLE SUCH A DISTRIBUTION IS TO MASSIVELY DISTRIBUTE EITHER IN A CENTRAL OR LIMITED DECENTRALIZED LOCATION SINCE WE HAVE NO WAY TO KNOW WHERE THIS SPECIFIC POPULATION RESIDES. IT IS DIFFICULT TO EXPLAIN THE COMPLEXITIES OF SUCH A DISTRIBUTION.

THIRDLY, THE STATE REQUIRED A CHECK FOR IDENTIFICATION AND ELIGIBILITY WHICH SOMEWHAT SLOWED DOWN THE PROCESS WHEN YOU ARE DEALING WITH THOUSANDS OF PEOPLE.

FOURTH, THERE WERE NO ADMINISTRATIVE MONIES ATTACHED TO THE DISTRIBUTIONS. THEREFORE, LOCAL GOVERNMENT HAD TO BEAR THE COSTS WHICH OBVIOUSLY HAD NOT BEEN BUDGETED. WE KEPT DATA ON OUR SECOND CHEESE DISTRIBUTION WHICH COST LOCAL GOVERNMENT APPROXIMATELY \$44,000.

BECAUSE OUR CITIZENS SO DIRELY NEED THESE COMMODITIES, MAYOR WILLIAM N. MORRIS, JR. IS PROPOSING AN ON-GOING PLAN (SEE ATTACHED) AS I PREVIOUSLY MENTIONED. SHELBY COUNTY GOVERNMENT WILL BECOME A U.S.D.A. APPROVED FOOD BANK, RESPONSIBLE FOR DISTRIBUTION OF DONATED U.S.D.A. SURPLUS DAIRY PRODUCTS IN MEMPHIS AND SHELBY COUNTY. WE ARE WORKING DIRECTLY WITH THE TENNESSEE DEPARTMENT OF AGRICULTURE THEREFORE BY-PASSING ANOTHER LAYER OF GOVERNMENT.

WE IDENTIFIED AND GAINED THE COOPERATION OF A LARGE NUMBER OF AGENCIES AND PUBLIC ENTITIES SERVING LOW INCOME, ELDERLY, HANDICAPPED AND UNEMPLOYED PERSONS. THE FACT

THAT THE PEOPLE SERVED ARE LOW INCOME, ETC., WILL HAVE ALREADY BEEN DETERMINED. FOR EXAMPLE, IF A FAMILY LIVES IN PUBLIC HOUSING, THEY MUST MEET CERTAIN CRITERIA. THIS WILL ELIMINATE DETERMINING ELIGIBILITY WHICH WAS VERY CUMBERSOME.

SHELBY COUNTY GOVERNMENT WILL ORDER CERTAIN AMOUNTS OF DAIRY PRODUCTS ON A MONTHLY BASIS. THE PRODUCT WILL BE DELIVERED TO THE SHELBY COUNTY CORRECTIONAL CENTER WHERE INMATE LABOR WILL BE USED FOR UNLOADING. THE AGENCIES AND PUBLIC HOUSING AUTHORITIES WILL BE NOTIFIED AS TO THE ARRIVAL DATE AND THEIR ALLOTMENT. THEY WILL GO DIRECTLY TO THE DELIVERY POINT, PICK UP THE PRODUCT, AND DISTRIBUTE TO THEIR CLIENTS IN THEIR COMMUNITIES, PUBLIC HOUSING PROJECTS, ETC. THE LAST OF APRIL WE EXPECT TO DISTRIBUTE SOME 144,000 POUNDS OF CHEESE TO SOME 28,800 HOUSEHOLDS IN MEMPHIS AND SHELBY COUNTY IN THE MANNER I HAVE JUST DESCRIBED.

OUR PLAN IS TO DISTRIBUTE VERY LITTLE BUTTER, SINCE ITS NUTRITIONAL VALUE IS QUESTIONABLE AND WE FRANKLY HAVE HAD CRITICISM FROM A NUMBER OF AREAS IN REGARD TO THE ILL EFFECTS THE PRODUCT MIGHT HAVE, PARTICULARLY ON THE ELDERLY. WE WOULD VERY MUCH LIKE TO RECEIVE POWDERED MILK, HOWEVER, I AM TOLD THAT IT IS PACKAGED IN 50 POUND BAGS WHICH WOULD MAKE DISTRIBUTION TO HOUSEHOLDS IMPRACTICAL AND IMPOSSIBLE. IF THERE WERE A WAY TO BREAK THIS DOWN INTO BOXES, IT WOULD BE VERY BENEFICIAL TO OUR CITIZENS.

WE FEEL THAT OUR PLAN WILL BE THE BEST METHOD OF DISTRIBUTION TO OUR CLIENTS AND THE MOST COST EFFECTIVE TO LOCAL GOVERNMENT AND THE COMMUNITY. DURING OUR BUTTER DISTRIBUTION IN FEBRUARY, WE HAD LITERALLY THOUSANDS OF PERSONS WAITING IN LINE AT FOUR O'CLOCK IN THE MORNING TO RECEIVE FIVE POUNDS OF BUTTER WHEN WE WERE SCHEDULED TO OPEN AT 9:00 A.M. THE RESPONSE WAS OVERWHELMING AND CERTAINLY AN INDICATION OF THE DESTITUTE SITUATION SO MANY OF OUR CITIZENS ARE FACING.

I WOULD URGE THE FEDERAL GOVERNMENT TO CUT ANY UN-NECESSARY RED TAPE IN ORDER TO HELP LOCAL GOVERNMENTS AND AGENCIES DISTRIBUTE FOOD WHICH IS SO NEEDED BY OUR CONSTITUTENTS. PLANNING FOR DISTRIBUTION CAN BEST BE DONE AT THE LOCAL LEVEL. IT SHOULD NOT BE DIFFICULT AND COSTLY TO "GIVE AWAY" ALREADY AVAILABLE SURPLUS FOOD TO THE HUNGRY OF OUR NATION. WE WILL CERTAINLY DO OUR PART BUT IT WILL TAKE A COOPERATIVE REPORT AT ALL LEVELS OF GOVERNMENT.

THANK YOU FOR THIS OPPORTUNITY.

Plan of Operation  
For  
Distribution  
Of  
U.S.D.A. Donated Surplus Dairy Products  
(Cheese & Butter)

SHELBY COUNTY GOVERNMENT THROUGH ITS DIVISION OF COMMUNITY SERVICES WILL BE RESPONSIBLE FOR COORDINATING THE DISTRIBUTION OF U.S.D.A. SURPLUS DAIRY PRODUCTS (CHEESE AND BUTTER) TO NEEDY, LOW INCOME CITIZENS IN SHELBY COUNTY. THIS WILL BE AN ONGOING, COMMUNITY-BASED SYSTEM OF DISTRIBUTION.

IN LIEU OF IDENTIFYING A SPECIFIC POPULATION (I.E., FOOD STAMPS, S.S.I., ETC.), WE ARE WORKING THROUGH AGENCIES, ORGANIZATIONS, AND PUBLIC ENTITIES WHO SERVE LOW INCOME PERSONS. THESE AGENCIES AND PUBLIC HOUSING AUTHORITIES HAVE ALREADY DETERMINED THE LOW INCOME STATUS OF THEIR CLIENTS. ATTACHED IS A LIST OF THESE AGENCIES, ORGANIZATIONS, AND PUBLIC HOUSING AUTHORITIES, THE NUMBER OF HOUSEHOLDS THEY SERVE, AS WELL AS THE SPECIFIC LOW INCOME GROUP. THE METROPOLITAN INTERFAITH ASSOCIATION WILL SERVE AS COORDINATOR FOR THE COUNTY.

THE PLAN WILL WORK AS FOLLOWS:

1. SHELBY COUNTY GOVERNMENT WILL ORDER THE SURPLUS PRODUCT.
2. U.S.D.A. WILL GIVE US A DATE OF ARRIVAL AT THE SHELBY COUNTY CORRECTIONAL CENTER.
3. AGENCIES WILL BE NOTIFIED OF ARRIVAL DATE AND NUMBER OF POUNDS OF PRODUCT THEY WILL RECEIVE.

4. PRODUCT ARRIVES AT SHELBY COUNTY CORRECTIONAL CENTER. INMATE LABOR WILL BE USED FOR UNLOADING.
5. AGENCIES WILL PICK UP THEIR ALLOTMENT OF PRODUCT AND SIGN RESPONSIBILITY FORM ASSURING DISTRIBUTION TO THEIR LOW INCOME CLIENTS, OR FOR THEIR FEEDING OF NEEDY PERSONS.
6. AGENCIES DISTRIBUTE THE PRODUCT: FIVE POUNDS OF BUTTER OR CHEESE PER HOUSEHOLD, DIRECTLY TO THE CLIENTS IN THEIR OWN COMMUNITY.
7. SHELBY COUNTY GOVERNMENT WILL KEEP ACCURATE RECORDS AND SUBMIT TO U.S.D.A. AS REQUIRED.

THE LIST OF AGENCIES, ETC., WITH WHOM WE ARE WORKING MAY CHANGE FROM TIME TO TIME. OUR CRITERIA FOR AGENCY PARTICIPATION IS PRIVATE NON-PROFIT, CHARTERED OR PUBLIC ENTITIES. AGENCIES WISHING TO PARTICIPATE APPLY THROUGH THE METROPOLITAN INTERFAITH ASSOCIATION.

ALTHOUGH WE DO NOT ANTICIPATE HAVING TO STORE PRODUCTS, LIMITED REFRIGERATED STORAGE IS AVAILABLE AT THE SHELBY COUNTY CORRECTIONAL CENTER, IF NEEDED. OUR INTENT IS TO DISTRIBUTE TO THE AGENCIES DIRECTLY FROM THE TRUCKS.

OUR PLAN IS TO ORDER FOUR TRUCKLOADS OF CHEESE OR BUTTER EVERY MONTH. WE ANTICIPATE ORDERING BUTTER ONLY IN WINTER AND WE WILL MOSTLY ORDER CHEESE.

TESTIMONY OF  
GOVERNOR ROBERT D. ORR  
STATE OF INDIANA  
TO THE  
SUBCOMMITTEE ON DOMESTIC MARKETING,  
CONSUMER RELATIONS, AND NUTRITION  
OF THE  
COMMITTEE ON AGRICULTURE  
UNITED STATES HOUSE OF REPRESENTATIVES  
ON H.R. 1590,  
THE EMERGENCY FOOD ASSISTANCE AND  
COMMODITY DISTRIBUTION ACT OF 1983

MARCH 23, 1983

By tradition, Hoosiers are a proud and industrious people, far more in the habit of giving assistance than asking for it. It is no accident that Indiana ranks low in the nation in the number of persons on welfare. We have always prided ourselves on our independence and our ability to take care of our own.

However, Indiana, with an industry closely linked to the automobile, has suffered grievously in the national recession. Now the fifth ranking state in the number of unemployed, Indiana faces the grim prospect that many automotive factories and plants will never again operate at their former capacity. While the nation is beginning to recover from the effects of the recession, the process will be slow and difficult in Indiana. Automotive plants at Kokomo, Muncie, Anderson and Indianapolis struggle to remain afloat and the giant steel mills of the Calumet region are operating at 40% capacity, the lowest in forty years. The Gary unemployment rate is almost 19% of its labor force. Other major cities have the following unemployment rates:

Anderson	17.6%
Fort Wayne	13.5%
Kokomo	17.5%
Muncie	16.1%
Terre Haute	15.5%

(See Attachment A)

There are hungry families in Indiana today as a result of unemployment, a fact that I find painful. I cannot accept hunger in my state while millions of pounds of food are warehoused by the Department of Agriculture as surplus commodities, reportedly at the cost of a million dollars a day. The very term "surplus" is offensive when Americans suffer from hunger.

On January 25, I personally visited Washington to appeal to the Department of Agriculture to release quantities of food in addition to milk products to the state of Indiana as a demonstration project. That personal request was followed by a written proposal for that project. On January 31, 1983, I also submitted a written request for dried milk for the state of Indiana.

At the time of this writing, there has been no formal response to either request.

Indiana has functioned well in the distribution of commodities. In fact, our program is regarded as a model and the Department of Agriculture has referred other states to us for advice.

Indiana is grateful for the assistance we have received. We distributed 11 million pounds of cheese and butter in 1982 with a wholesale value conservatively estimated at 15 million. We distributed more than two million blocks of cheese and one million pounds of butter at a cost of less than one-tenth of one percent of their value. These commodities have supplemented and provided meals for 800,000 households. Indiana was one of the top states in the nation in the distribution of commodities per capita and one of the lowest in administration expenditures--just \$21,500 to distribute 11 million pounds of milk and cheese. This month, we are distributing another 5.6 million pounds of those products.

Page -2-

Because our program is simple, it functions well. Administered by Indiana Department on Aging and Community Services (IDACS), the commodities distribution program produces allocations of food stuff on the basis of unemployment and poverty in each county. Distributing agencies have the option to ask IDACS to increase the amounts from original allocations by comming stocks held in reserve. Commodities are secured from warehouses on transfer of title allowing us to employ Indiana trucking firms and to name the date and the hour of shipment arrival, so important to the efficient use of volunteer labor.

While our Community Service Agencies and the Area Agencies on Aging have prime distribution responsibilities, the main reason for the low administrative costs for our 1982 distribution is an army of volunteers. In addition to the Aging Network and the Community Services, unions, religious groups, township trustee, colleges and schools, service clubs, retired senior groups, VFW's, social service agencies and industries generously provided transportation, storage, manpower and equipment. Approximately 12,000 volunteers helped make each of the four 1982 distributions.

To minimize storage costs and maintain security, IDACS requires all products to be distributed within a 24-hour period after arrival at a site. Most of the 1,500 distribution sites across the state have had lines on distribution days. Their allotments of commodities often are depleted in less than three hours.

Commodities are distributed on a single day statewide to make maximum use of publicity and to minimize persons going to several sites. Along with the numerous sites, this eliminates excessively long lines of recipients, a problem in other states.

In a program this large, there are problems mostly related to limitations on administrative funds. The Indiana Department on Aging and Community Services has received some reports that persons some households obtained more than their fair share of commodities, and that persons who were ineligible received commodities. While concerns of this nature cannot be totally eliminated, added administrative funding might provide greater safeguards. By distributing cheese and butter within a few hours across the state, and by having multiple sites, we believe we have minimized fraud and duplication of assistance.

But we must also be realistic about the limitations on assistance we can expect from the private sector. Volunteers in Kokomo, Fort Wayne and Gary all are in need themselves. We cannot expect them to do more than they already have in providing us with free manpower, space and equipment. For example the city of Gary faced the prospect of unloading approximately twenty truckloads of cheese and butter transporting the commodities to distribution sites and overseeing that distribution. You will agree that this is no small task. It would not be possible without volunteers and the private sector assistance.

We would welcome even modest amount of administrative funding since it would allow us to serve more households and assist us in assuring adequate accountability safeguards.

I have requested that all types of commodities be made available to the states in large quantities to be distributed by the local units of government of cities and towns, with particular attention being given to those areas with the highest rates of poverty and unemployment. The United States Department of Agriculture Extension Service Offices could assist with nutrition education and menus, and in the actual distributions if it wished.



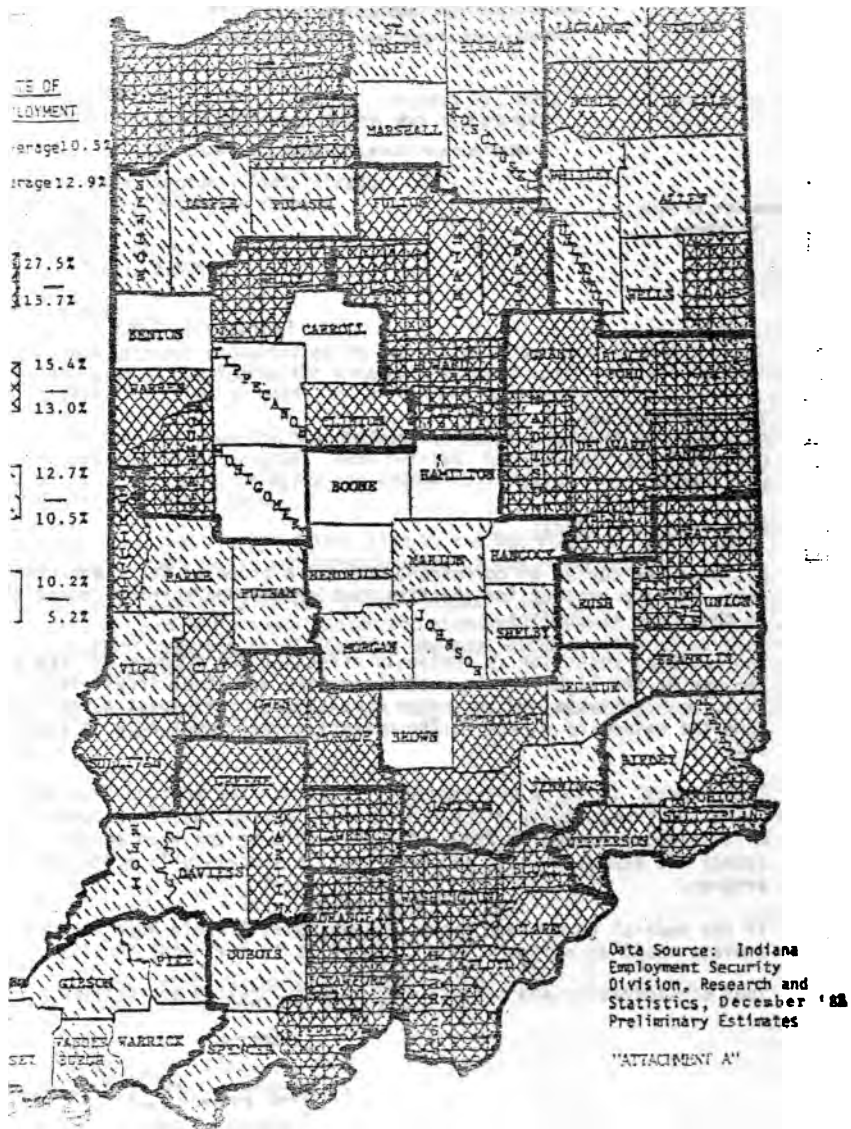
Page -3-

Service agencies and the private sectors have volunteered assistance in transportation and distribution. Our Community Service Agencies and Area Agencies on Aging will assist in recordkeeping. Attachment B will outline in detail the plan we propose to use in distributing commodities other than milk products.

We are still hopefully awaiting a response to my January request.

In summary, I recommend full support of Senate Bill 17. It is only logical to move food stuffs out of the warehouses to feed our hungry. I also support some degree of administrative funding so that this program can be increased in volume and assure accountability.

The state of Indiana is ready and willing to undertake the task of distributing any kind of commodities with the same sense of commitment and caring shown in the past.



"ATTACHMENT B"

OFFICE OF THE GOVERNOR  
INDIANAPOLIS, INDIANA 46203

ROBERT D. ORR  
GOVERNOR

February 1, 1983

The Honorable John R. Block  
Secretary of the Department of Agriculture  
Office of the Secretary  
Washington, D.C. 20250

Dear Secretary Block:

Enclosed are copies of correspondence and a proposal for a one-time demonstration project for the distribution of USDA surplus commodities in the State of Indiana.

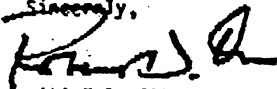
The national recession is seriously affecting the economy of this state because of the high incidence of automotive and steel industries. In fact, we have sustained recession conditions for at least a year longer than the nation as a whole. The present unemployment rate in Indiana is 14%.

This request is for a one-time distribution. The Indiana Department of Aging and Community Services, which administered the disbursement of ten million pounds of commodities in 1982, would be the lead agency. That agency has adequate staff and expertise to successfully administer this program.

If the federal government has food available, I would hope that we in Indiana could do our part to distribute it to our needy families.

Your consideration and support will be very greatly appreciated.

Sincerely,



ROBERT D. ORR  
Governor

RDO:L6:sw

OFFICE OF THE GOVERNOR  
INDIANAPOLIS, INDIANA 46204

ROBERT D. ORR  
GOVERNOR

January 31, 1983

Mr. Monroe Woods, Regional Administrator  
U.S.D.A. Food and Nutrition Service  
Midwest Region  
536 South Clark Street  
Chicago, Illinois 60605

Dear Mr. Woods:

In accordance with our conversation in Washington, the state of Indiana is requesting to be considered for a demonstration project on a one-time basis to distribute food to needy and unemployed households.

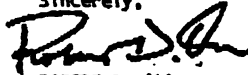
The enclosed plan outlines the procedure and resources Indiana intends to use to implement this program. Jean Merritt, the executive director of the Indiana Department on Aging and Community Services, will respond to any questions you may have.

We are also submitting a copy of this plan to the Secretary in Washington, requesting concurrent review and consideration of our proposal.

Indiana has been severely affected in the national recession, and while state government and the private sector are attempting to meet the crises, there is a significant number of families who need whatever assistance that can be made available.

The plan we are submitting is unique and sound. I am requesting your assistance in making this one-time demonstration project a reality in Indiana.

Sincerely,



ROBERT D. ORR  
Governor

RDO:LJG:lg

cc: Mrs. Jean Merritt, Executive Director  
Dept. on Aging and Community Services

**OFFICE OF THE GOVERNOR  
INDIANAPOLIS, INDIANA 46204**

**ROBERT D. ORR  
GOVERNOR**

January 31, 1983

Mr. Monroe Woods, Regional Administrator  
U.S.D.A. Food and Nutrition Service  
Midwest Region  
536 South Clark Street  
Chicago, Illinois 60605

Dear Mr. Woods:


Because of the extremely high unemployment rate in the state of Indiana, and the great need for assistance, I am requesting that the state of Indiana receive dry milk in addition to the cheese and butter which has been ordered for the March distribution.

The amount of dry milk which we would like to receive is 3,124,800 pounds, which would provide one four-pound box of dried milk for every five-pound block of cheese.

Indiana has an excellent record of cheese and butter disbursement, having disbursed more pounds of cheese and butter per number of poverty in 1982 than any of the other states in Region V, and being one of the top states nationally in that program.

If ever there was a need for assistance, it is now. We will appreciate whatever help you can give.

Sincerely,

  
ROBERT D. ORR  
Governor

RDO:LJG:lg

cc: Mrs. Jean Merritt, Executive Director  
Dept. on Aging and Community Services

DEMONSTRATION PROJECT

SPECIAL COMMODITY DISTRIBUTION

STATE OF INDIANA

Governor Robert D. Orr

Prepared by:

The Indiana Department on  
Aging and Community Services

Jean Merritt, Executive Director

January 28, 1983

INDIANA DEPARTMENT ON AGING AND COMMUNITY SERVICES  
STRUCTURE

The Indiana Department on Aging and Community Services was established in 1982 by the Indiana General Assembly, as a result of a legislative merger of the Indiana State Commission on the Aging and Aged, and the Indiana Community Services Administration. Mrs. Jean Merritt is the Department's Executive Director. It presently administers programs funded by the Administration on Aging, the Community Services Block Grant, the Low Income Home Energy Assistance Program, a Weatherization grant from the Department of Energy, a senior employment program grant from the Department of Labor, USDA reimbursement for the Nutrition for the Elderly Program. The Indiana Social Services Fiscal Office which administers the Social Service Block Grant has also been functionally integrated with the Department. The 1983 General Assembly will enact legislation to authorize this integration.

IDACS has also been the state agency responsible for the distribution of commodities under the Special Distribution Program.

This integrated state agency has a staff of one hundred and fifty-five professional and support persons with broad knowledge of social services. It funds, monitors and evaluates programs, and provides technical assistance to a broad range of social service agencies.

DEMONSTRATION PROJECT  
SPECIAL COMMODITY DISTRIBUTION  
FOR THE  
STATE OF INDIANA

This proposal is for a one-time demonstration project. The State of Indiana is requesting such commodities as are available and appropriate, to be distributed on a state-wide basis to those households that are at or below 150% of the QMB Poverty Guidelines, or whose primary wage earner is unemployed.

The Indiana Department on Aging and Community Services has been appointed by Governor Robert D. Orr as the state agency responsible for the administration of this project.

NEED

Because Indiana's industry has been largely dependent upon industries associated with automotive, steel, coal, farm implements, etc., all of which have been very severely depressed, the State of Indiana has suffered very serious effects from the national recession.

The 1980 census showed that of the state's 5,490,179 residents, there were 954,678 persons, approximately 17%, at or below 150% of the QMB poverty guidelines. Attached are other statistics relating to Indiana households.

The unemployed rate in the State of Indiana is now 14%, the fifth highest in the nation; it is continuing to rise.

The situation for many households within the state is very critical. This proposal is both an attempt to help alleviate hunger within the state, and to demonstrate the feasibility of using USDA surplus commodities in a very meaningful way.



ALLOCATION

Commodities received shall be allocated to the counties on a formula based on the number of unemployed and the number of households at or below the designated income eligibility criteria. The latest figures available shall be used.

DISTRIBUTION

Commodities will be distributed by the governmental units of cities and towns. They shall receive assistance from township trustees, religious groups, fire and police departments, area agencies on aging, community action agencies, Red Cross, service clubs, schools, and in some instances county offices such as sheriff departments, welfare and health departments, and extension offices, where feasible. Recipients may be requested to provide proof of eligibility and will be required to sign a statement certifying that the household is eligible and has received an allotment of commodities.

It will be the responsibility of city and town administrators to;

- (1) determine allocations of commodities within their boundaries
- (2) secure distribution sites, in cooperation with civic groups, unions, Extension Service offices, Township Trustees and social service agencies.
- (3) secure the necessary transportation for commodities through unions, the private sector, and social services agencies. The city of Marion, Indiana, which has successfully approached unions to devote time, equipment, and expertise, will be used as a model for many cities in similar situations.

Indiana is requesting adequate flexibility in the distribution system to provide for a variance of distribution systems in rural versus urban areas; areas of extremely high rates of newly unemployed as compared to those areas of traditional chronic low-income. A system that is equitable to the less mobile elderly and handicapped will be utilized, and the responsible city and town units of government will be allowed adequate leeway to resolve their particular problems.

#### COORDINATION RESPONSIBILITIES OF INDIANA DEPARTMENT ON AGING AND COMMUNITY SERVICES

I.D.A.C.S. will be responsible for the coordination of this project. This will include:

- (a) All liaison contracts with U.S.D.A.;
- (b) Allocation of commodities to the counties;
- (c) Disseminating state-wide publicity;
- (d) All transactions with the commodity warehouses;
- (e) Technical assistance to cities and towns on site locations, eligibility criteria, transportation, mobilizing volunteers and record keeping.

#### TYPES OF COMMODITIES

Indiana is requesting low-risk commodities such as dried beans and milk; rice; bulgar; cereal; flour; canned fruit, vegetables, shortening, beef and poultry; and peanut butter. We are particularly interested in receiving those commodities which have not only a high nutritive content, but are also adaptable to many uses.

#### USE OF EXTENSION OFFICES

Each of the ninety-two counties in Indiana has a County Extension Services office which is operated by Purdue University in cooperation with U.S.D.A. It is the intention of the state to secure the assistance of the extension offices in three major processes:

1. To serve as consultants to the Indiana Department of Aging and Community Services in planning and evaluation.
2. To assist the local units of cities and towns in the distribution process, where feasible.
3. To provide information, menus and guidance for the best nutritive use of commodities being distributed.

#### RECORD KEEPING/REPORTING

The state of Indiana will maintain records on all phases of the project including statistics, allocation systems, transportation, system(s) of verification of income. In addition, close attention will be given to specific distribution problems incurred. Reports as requested by the United States Department of Agriculture shall be provided.

#### EVALUATION

This demonstration project shall be formally evaluated by a representative group of city/town staff, service agencies, private sector, recipients and state staff. Items to receive particular attention in the evaluative process will be:

- (1) The involvement of local unit of government, including cost contributions (particularly in-kind)
- (2) The involvement of the private sector, unions, social service agencies and clubs, schools, churches, etc.
- (3) The efficiency and effectiveness of commodity transportation systems used.
- (4) The certification of eligibility and its effectiveness.
- (5) The incidence of fraud (specifically documented)
- (6) The response and problems unique to rural/urban distribution as well as poverty geographical areas.

DEMONSTRATION PROJECT

SPECIAL COMMODITY DISTRIBUTION

STATE OF INDIANA

Governor Robert D. Orr

Prepared by:

The Indiana Department on  
Aging and Community Services

Jean Merritt, Executive Director

January 28, 1983

## REGION V COMMODITY DISBURSEMENT

STATE	CHEESE		(As of 12/17)		BUTTER		(As of 8/27) Pounds per no. of Poverty
	Ordered	Distributed	Distributed	Ordered	Distributed		
ILLINOIS	9,406,110	5,575,710		2,496,000	345,600	2.22	
INDIANA	9,744,000	9,744,000		998,440	998,440	7.07	
MICHIGAN	5,779,200	5,275,200		-0-	-0-	4.68	
MINNESOTA	2,623,520	2,287,320		1,305,600	806,400	3.36	
OHIO	15,456,000	6,316,800		7,372,800	-0-	4.91	
WISCONSIN	3,729,600	2,352,000		844,812	-0-	2.68	

Indiana's March order, to be distributed statewide March 17 - 18 is:

Cheese:	3,906,000 pounds
Butter:	<u>1,612,800 pounds</u>
Total:	5,518,800

Anticipated minimum total 1983 distribution:

Cheese:	15,958,800
Butter:	<u>3,225,600</u>
	19,184,400



CENSUS III POVERTY POPULATION, 1960  
INDIANA

FAMILIES BY FAMILY TYPE BY POVERTY STATUS  
IN 1979 BY PRESENCE AND AGE OF RELATED  
CHILDREN

TOTAL:	
Income above poverty level:	
With related children:	
Under 6 yrs and 6-17:	144,794
Under 6 yrs only:	173,389
6-17 yrs only:	409,667
Without related children:	626,390
Income below poverty level:	
With related children:	
Under 6 yrs and 6-17:	235,34
Under 6 yrs only:	236,23
6-17 yrs only:	330,74
Without related children:	76,304
Female householder, no husband present:	
Income above poverty level:	
With related children:	
Under 6 yrs and 6-17:	109,44
Under 6 yrs only:	132,13
6-17 yrs only:	544,43
Without related children:	201,58
Income below poverty level:	
Under 6 yrs and 6-17:	12,104
Under 6 yrs only:	11,899
6-17 yrs only:	106,46
Without related children:	47,81

FAMILIES WITH ONE OR MORE RELATED CHILDREN  
BY POVERTY STATUS IN 1979 BY PRESENCE AND  
AGE OF RELATED CHILDREN

Income above poverty level:	
With related children:	
Under 5 yrs and 5-17:	136,961
Under 5 yrs only:	142,576
5-17 yrs only:	448,113
Income below poverty level:	
With related children:	
Under 5 yrs and 5-17:	229,10
Under 5 yrs only:	192,79
5-17 yrs only:	308,34

FAMILIES AND NONFAMILY HOUSEHOLDERS BY  
POVERTY STATUS IN 1979 BY AGE OF HOUSE-  
HOLDERS

Income below poverty level:	
15-64 yrs:	
65 yrs and over:	
Income between 100 and 124 percent of poverty level:	
15-64 yrs:	
65 yrs and over:	
Income 125 percent of poverty level and above:	
15-64 yrs:	
65 yrs and over:	

PERSONS FOR WHOM POVERTY STATUS IS  
DETERMINED BY POVERTY STATUS IN 1979  
BY RACE AND SPANISH ORIGIN

Total:	
White:	
Black:	
American Indians, Eskimo, Alutic and Pacific Islander Spanish origin:	

PERSONS FOR WHOM POVERTY STATUS IS  
DETERMINED BY POVERTY STATUS IN 1979  
BY HOUSEHOLD RELATIONSHIP  
AND AGE

Related child:	
Under 5 yrs:	
Related child:	
5 years:	
Related child:	
6-17 yrs:	
Other family member:	

Income below 75% of Poverty Level:	
Income between 75 and 125% of poverty level:	
Income between 125 and 149% of poverty level:	
Income between 150 and 199% of poverty level:	
Income 200% of poverty level and above:	

PERSONS FOR WHOM POVERTY STATUS IS DETERMINED  
BY POVERTY STATUS IN 1979 BY AGE

Under 5 yrs:	
55-59 yrs:	
60-64 yrs:	
65 yrs and over:	

PERSONS IN FAMILIES, EXCLUDING HOUSEHOLDERS BY  
POVERTY STATUS IN 1979 BY HOUSEHOLD RELATIONSHIP  
AND AGE

Related child:	
Under 5 yrs:	
Related child:	
5 years:	
Related child:	
6-17 yrs:	
Other family member:	

Income below 75% of Poverty Level:	
Income between 75 and 125% of poverty level:	
Income between 125 and 149% of poverty level:	
Income between 150 and 199% of poverty level:	
Income 200% of poverty level and above:	



Testimony of Congressman Nick J. Rahall  
 Subcommittee on Domestic Marketing,  
 Consumer Relations, and Nutrition  
 March 22, 1983

Mr. Chairman: Thank you for allowing me this opportunity to speak on behalf of H.R. 1590, the Emergency Food Assistance and Commodity Distribution Act of 1983. I would like to commend the Chairman for sponsoring this most urgently needed legislation.

Attached you will find an outline from the West Virginia Department of Welfare which explains the history of the surplus cheese and butter distribution in West Virginia. In my State, where unemployment is near 21% there is an urgent need for an effective surplus food distribution program. I represent one County, McDowell, where the documented unemployment is near 40%. Just the other week I personally visited a hollow where 95% of the residents ~~were~~ <sup>are</sup> without a job.

Last week I was informed by the West Virginia Department of Welfare that USDA will reduce the May allocation for surplus cheese by approximately 70%. When my office contacted USDA we were told they had sold the program so well that demand for surplus cheese and butter now exceeds the Department's ability to process the commodities. This development places states in the position of having to tell those who previously received surplus food that they will have to wait longer for the next shipment to arrive because their government cannot process the food as quickly as it is needed. In March, West Virginia requested 669,600 lbs. of surplus cheese. For April the amount originally requested was 1,339,200 lbs. which was reduced to 967,200 lbs. by USDA. For the month of May my State requested 1,339,200 lbs and has just been told its allotment will be reduced to 372,000 lbs, far, far less than the demand in our State.

I am pleased that your legislation is directed at correcting this problem and also would authorize the distribution of commodities other than cheese and butter. I personally feel it is a crime for this government to purchase food commodities and store them, while thousands of Americans are going hungry.

By providing funds to states, a maximum of \$65 million per fiscal year, the Chairman has demonstrated his sensitivity to the problems facing our states during this recession.

In closing I would like to say this legislation will attempt to solve the problems faced by our State with regard to the distribution of surplus commodities. I want to emphasize that the log-jam at this time appears to be at the processing stage where I am told by USDA officials their facilities cannot handle the quantity of processing as required by the states. I support this legislation which will make more commodities available, provide additional funds for processing and help states distribute the food to the needy. Again, I wish to thank the Distinguished Chairman for this opportunity to speak on behalf of H.R. 1590 and I will work for quick passage of this most needed legislation. Again, I wish to thank the distinguished Chairman for this opportunity to speak on behalf of H.R. 1590 and I will work for the passage of this most needed legislation. Attached you will find comments on this bill from Mr. D. W. Froe, Director of the Mercer County Economic Opportunity Corporation, Mr. Earl D. Smith, Executive Director of the Wayne County Economic Opportunity Council, and Mr. Harold P. Cooper, Executive Director of The Council of Southern Mountains. I hope the remarks from these gentlemen will be of assistance to the Subcommittee as it marks up the Emergency Food Assistance and Commodity Distribution Act of 1983.

Thank you.



## WEST VIRGINIA DEPARTMENT OF WELFARE

John D. Rockefeller IV  
Governor

1900 Washington Street, East  
Charleston, WV 25305 Telephone (304) 348-2400

Leon H. Ginsberg, Ph.D.  
Commissioner

March 11, 1983

Honorable Nick J. Rahall, II  
The House of Representatives  
408 Cannon House Office Building  
Washington, D. C. 20515

Attention: Mr. Ed Buday

Dear Congressman Rahall:

I received a request from Mr. Buday that I furnish your office information relative to the cheese and butter distribution currently being administered by the Department of Welfare statewide.

Attached for your information and review is the material requested.

If you have any questions after reviewing this material, please feel free to contact me.

Respectfully,

A handwritten signature in dark ink, appearing to read "John A. Boles, Jr.", is written over the typed name and title.

John A. Boles, Jr.  
Director  
Surplus Foods Program

JAB/sk

## CHEESE AND BUTTER DISTRIBUTION

Program Information -  
United States Department of AgricultureDecember 22, 1981

President Reagan announced that the United States Department of Agriculture will provide 100 million pounds of cheese to state agencies for distribution to eligible recipients through December 31, 1982.

June 15, 1982

The United States Department of Agriculture announced the availability of 120 million additional pounds of surplus cheese to state agencies for distribution to eligible recipients through December 31, 1982.

June 17, 1982

The United States Department of Agriculture announced the availability of 50 million pounds of butter to state agencies for distribution to eligible recipients through December 31, 1982.

December 3, 1982

The United States Department of Agriculture announced the availability of 280 million additional pounds of surplus cheese and 75 million additional pounds of butter to state agencies for distribution to eligible recipients through December 31, 1983.

Cheese and Butter Information

Cheese: Each case of cheese contains six (6) five (5) pound blocks.

Cost: \$7.35 per five (5) pound block

Butter: Each case of butter contains either thirty-two (32) or thirty-six (36) one (1) pound frozen blocks.

Cost: \$1.56 per one (1) pound block

Transportation SupportFebruary 1982

Secretary of Defense Caspar W. Weinberger announced that National Guard Transportation Units could provide transportation support to the distribution at no additional cost to the government as drivers will be performing their normal military training duties.

July 1, 1982

Approval was granted through Governor Rockefeller's office to utilize National Guard personnel daily to transport cheese and butter statewide.

The drivers are now on state duty and for your information, they were unemployed workers before taking this assignment, which created employment and removed them from their unemployment status.

The Department of Welfare trucks are utilized to transport butter because these vehicles are refrigerated and the butter is frozen; therefore they offer support during warm months to prevent melting during delivery.

#### Distribution

Distribution of cheese and butter is coordinated by our Area Administrators in our 27 offices.

Nonprofit agencies and volunteer groups have been instrumental in the distribution in all fifty-five (55) counties. Each agency or group is required to sign an agreement outlining program requirements.

Statistical data is gathered after every distribution in order that the data is available for state and federal agencies upon request.

Through December 31, 1982 the State of West Virginia has distributed 4,785,990 million pounds of cheese and 1,179,498 pounds of butter.

For the months of January and February, our agency has distributed the following:

Cheese: 807,000 pounds  
Butter: 434,368 pounds

#### Recipient Qualifications

##### September 2, 1982

Governor Rockefeller announced that all senior citizens over the age of 60 would be automatically eligible to receive surplus food through the distribution program.

##### December 10, 1982

Governor Rockefeller announced the automatic eligibility of all persons receiving unemployment compensation benefits and to all unemployed persons who have exhausted their unemployment compensation to participate in the distribution program.

#### Income Guidelines

<u>INCOME (MONTHLY GROSS)</u>	<u>HOUSEHOLD SIZE</u>	<u>CHEESE</u>	<u>BUTTER</u>
507	1	10 pounds	4 pounds
674	2	10 pounds	5 pounds
841	3	10 pounds	6 pounds
1008	4	20 pounds	7 pounds
1129	5	20 pounds	8 pounds
1341	6	20 pounds	8 pounds
1508	7	20 pounds	8 pounds
Add \$167 for each additional household member	8 or more	20 pounds	8 pounds

Maximum Family Allotment: 20 pounds of cheese and 8 pounds of butter

Statistical InformationMarch - June

Household Applications - 164,414

Individual Recipients per Household - 471,141 (2.87 members per family)

July - December

Household Applications - 205,636

Individual Recipients per Household - 652,146 (3.18 members per family)

January

Distribution of cheese and butter in the following counties:

<u>COUNTY</u>	<u>CHEESE (LBS.)</u>	<u>BUTTER (LBS.)</u>
Marshall	77,800	37,200
Mineral	50,100	19,080
Hampshire	38,700	15,120
Mason	60,780	33,300
Raleigh	164,850	77,760
Pendleton	20,010	10,044
Grant	25,020	12,024
Hardy	25,020	12,024
Mercer	69,000	42,000
Summers	30,000	10,800
McDowell	87,000	44,496
Wyoming	<u>51,000</u>	<u>23,400</u>
Totals:	699,280 pounds	337,248 pounds

February

Distribution of cheese and butter in the following counties:

<u>COUNTY</u>	<u>CHEESE (LBS.)</u>	<u>BUTTER (LBS.)</u>
Pocahontas	6,900	3,200
Pleasants	6,000	4,480
Ritchie	18,000	8,960
Boone	67,790	47,584
Brooke		49,600
Kanawha	<u>9,000</u>	<u>9,600</u>
Totals:	107,690	123,424

For your information, The Department of Welfare had requested for April the following amount of cheese and butter for distribution:

Cheese - 1,339,200 pounds

Butter - 499,356 pounds

Our agency was informed by USDA that due to states' requests, their agency was unable to process the cheese to meet each states' request and they were experiencing problems in arranging for transportation from the processing plants. Therefore, our allocation for April has been reduced to the following amount:

Cheese - 967,200 pounds  
(372,000 pound decrease)

Butter - uncertain whether this request  
will be honored

With these difficulties in mind, our State will receive an allocation of cheese and butter which has yet to be determined.

The allocation will be based on the following criteria:

1. Food stamp caseload
2. Elderly Population (persons over 60 years of age)
3. SSI Recipients
4. Unemployment Rate

126 McDOWELL STREET

PHONE 486-2185



**THE COUNCIL OF THE SOUTHERN MOUNTAINS  
WEST VIRGINIA BRANCH, McDOWELL COUNTY CHAPTER, INC.**

**WELCH, WEST VIRGINIA 24801**

**HAROLD P. COOPER**  
Executive Director

March 17, 1983

Honorable Nick J. Rahall, II  
House of Representatives  
408 Cannon Office Building  
Washington, D.C. 20515

Dear Nick:

Many thanks for your letter dated March 4th and the information on H.R.1590, the Emergency Food Assistance and Commodity Distribution Act of 1983.

This agency's personnel and the participants in our activities are quite interested in H.R.1590 becoming law. Passage means many low income participants, as well as the unemployed will have a greater variety of food. There is nothing wrong with cheese and butter but other foods are needed for a proper diet. Many of the low income and now, the long term unemployed just are not financially able to provide the minimum variety of foods necessary for good health.

The local Welfare Department has shared the responsibility with the Council of the Southern Mountains (CSM) for the delivery of commodities to eligible recipients in McDowell County. Each time commodities are distributed a large number of the recipients ask when will other foods be distributed. In order to try to meet some of the needs of the elderly, the low income and now the long term unemployed the CSM established a food pantry. This mini-food bank is maintained by donations from the public. You, of course, know without my stating it that the demand greatly exceeds the supply. An average of three emergency food orders are filled daily. We could use food allocated by the Commodity Credit Corporation if this bill becomes law.

The latest unemployment rate in McDowell County shows 33.4% of the work force idle. This is more than twice the

**McDOWELL COUNTY'S COMMUNITY ACTION PROGRAM**



state rate of 14.9% and nearly three times the national rate of 11.4%. The increased unemployment rate has resulted in a large number of requests for food. McDowell County needs this program.

We wholeheartedly support you in your efforts to obtain passage of this bill.

Sincerely,

A handwritten signature in cursive script that reads "Harold P. Cooper".

Harold P. Cooper  
Executive Director

HPC/wrv



D. W. Frae,  
Executive Director

Programs:  
Alcoholism  
Consumer Education  
Community Food &  
Nutrition  
Emergency Energy  
Headstart  
Nutrition  
Occupational Training  
Program  
Senior Opportunities  
& Services  
Transportation  
Weatherization  
Youth  
Outreach &  
Referral

## Mercer County Economic Opportunity Corporation

March 16, 1983

Mr. Nick J. Rahall II, Congressman  
Fourth District  
440 Cannon Building  
Washington, D.C. 20515

Honorable Sir:

I am writing you in reference to H.R. 1590, The Emergency Food Assistance and Commodity Distribution Act of 1983 making commodities other than butter and cheese available for distribution.

The bill if passed and becomes a law would do much to aid the low income elderly and unemployed in Southern West Virginia. In Mercer County the unemployment rate is over 14%. In McDowell County the unemployment rate is over 40%. These people are hungry and sources to purchase food except unemployment compensation and Food Stamps which is expensive to the Federal and State Government.

As understand there is an over abundance of certain surplus food products being held in storage by the Federal Government which I am sure is cost the Federal Government quite a large sum of money. What will the Government do with these products? Why not give a portion to our own people. While working with A.I.D. in Africa and South East Asia have seen tons of non fat milk used as fertilizer and grain lay and rot at the docks. Proper use was not made of a large amount of these commodities, many did not reach the community people.

Why not distribute these surplus commodities here in American, to those States where there is a dirth of poverty and high unemployment. The grain could be ground into flour, meal and other products, like wise for the other surplus products

Food banks could be established and serve as distribution points. The program should be monitored to see that proper use was being made of the products and well as teaching the people how to prepare and use these commodities. It could be a revolution in Nutrition in turn this would mean better health for the people especially children.

1105 Mercer Street, Princeton, W. Va. 24740  
487-3436 - 327-0535

Mr. Nick J. Rahall II, Congressman  
Fourth District  
440 Cannon Building  
Washington, D.C. 20515

Page 2

In long terms this could reduce the expense of medicine and medicare  
and a more healthful nation.

The people of Southern West Virginia especially Mercer County  
urge the support and passage of this bill. I would be most happy  
to come to Washington, D.C. at my expense to testify on the condition  
here in Southern West Virginia.

Sincerely,  
  
J. H. G. Ford  
Executive Director

DWF/nd

*Wyoming County Opportunity Council, Inc.*

BOX 567

OCEANA, WEST VIRGINIA 24870

TELEPHONE 682-8271

EARL D. SMITH  
EXECUTIVE DIRECTORERNEST CONLEY  
PRESIDENT

March 14, 1983

The Honorable Nick J. Rahall, III  
Member of Congress  
440 Cannon Building  
Washington, DC 20515

RE: H.R. 1590

Dear Congressman Rahall:

You are to be commended for your continued interest on behalf of our more disadvantaged brethren. Once again, you have shown the people of this great nation you are a true humanitarian. We, in Wyoming County, definitely do not feel the federal surplus food program has any similarities of a "pork barrel" project.

According to the 1980 Census, Wyoming County has a total population of 35,993, with 19.3% or 6,945 people being below the poverty guidelines in 1979. This 6,945 low income individuals, coupled with the present high rate of unemployment (approximately 20.1%) and a large elderly population (the majority of whom are on fixed incomes) has had a very negative impact on the local economy. Quite a few of the citizens are finding they can no longer pay the total cost necessary to sustain a basic life style due to the factors previously mentioned plus the high cost of utilities.

We do feel additional surplus food products are direly needed on behalf of Wyoming County residents:

- |                 |                  |
|-----------------|------------------|
| 1. Flour        | 5. Dry milk      |
| 2. Meal         | 6. Powdered eggs |
| 3. Brown Beans  | 7. Peanut butter |
| 4. Canned meats |                  |

This listing provides what we feel to be part of the average family's stable food diet. In addition, extensive refrigeration and storage facilities will not be required.



An Equal Opportunity Employer

Our most recent surplus cheese and butter distribution conducted on January 27, 1983, can definitely document the need for surplus food products:

1. Total number of people served: 11,510
  - A. Total number of households served: 3,709
  - B. Number of elderly (age 60 and over): 1,272
  - C. Number of low income (includes unemployed): 2,437
2. Amount of cheese (in pounds): 51,000
3. Amount of butter (in pounds): 23,400
4. Total number of volunteers: 114
5. Total volunteer hours: 895½
6. Value of volunteers at minimum wage: \$2,999.93

The statistics do not include approximately 1,200 to 1,500 individuals who were not served. However, 31.98% of the total population of Wyoming County was served.

Congressman, I find it very difficult to imagine anyone standing in line for a period of hours in the middle of winter to receive free cheese and butter if it is not needed on the family's dinner table.

Again, Congressman Rahall, your efforts to enhance the more disadvantaged citizens of West Virginia are deeply appreciated. Should additional information/documentation be necessary, please advise.

Sincerely yours,



Earl D. Smith  
Executive Director

EDS/dvm

Statement of  
Second Harvest, National Food Bank Network

The Second Harvest National Food Bank Network is pleased to have the opportunity to present a statement on the Emergency Food Assistance and Commodity Distribution Act of 1983. Our network of food banks has seen the hunger problem in America grow sharply, and we applaud the efforts of this Act to bring national resources to bear on this situation. We believe the Act offers an honest attempt to address America's hunger problem as well as a common sense approach for handling America's agricultural surpluses. In opening however, we must note that the distribution of surplus commodities is not solely the answer to the food needs of the poor. Expanded distributions of surplus products can only be considered supplemental in nature. Under no circumstances can expanded distributions be considered a substitute for established entitlement programs such as food stamps, school lunches, WIC, or other federal nutrition programs.

The Second Harvest Network represents one of the few national non-profit organizations specifically established to distribute food products to charities that feed the poor. Our primary function is to work with the American food industry to reduce waste by distributing donated food products to member food banks. There are forty-five members in the network currently, and these operations channeled some seventy million pounds of donated food to over 8,500 charities in 1982. These figures are double our distribution efforts in 1981. In addition to food donated by the private sector, many food banks participated in the distributions of USDA commodities, primarily processed

cheese, but some also distributed surplus butter. In 1982, Second Harvest members distributed approximately thirty-nine million pounds of surplus commodities. All totaled, Second Harvest Network Food Banks distributed over one hundred nine million pounds of food in 1982. As a result, Second Harvest is uniquely qualified to address the methods and the value of the domestic distribution of commodities.

Second Harvest member food banks are interested in continuing to participate in the distribution of USDA commodities, but they are not in a position to manage, coordinate, or control a national distribution system for surplus commodities. The existing format of designating state agencies to coordinate local commodity distribution is wise. This method best allows for the structuring of the program to meet local needs.

Second Harvest is prepared to support the Emergency Food Assistance and Commodity Distribution Act of 1983 with a few additions and revisions. We offer the following comments and suggestions:

- 1) It is very important that the Act provide for the availability of funds from the Commodity Credit Corporation to eligible recipient agencies for all costs incurred with distribution of commodities as mentioned in paragraph C (5) of the Act. In previous distributions, too many foodbanks and other distributing organizations had to absorb these costs at the expense of their other services and activities. Most foodbanks have indicated an unwillingness to participate in further commodity distributions without the provision of funds to cover actual distribution costs.

While the Act takes positive steps in recognizing the need to reimburse distribution costs, the formula which determines the total amount available for reimbursement bears no relation to actual handling costs. The bill's present format permits allocation of funds to eligible agencies to cover costs not to exceed five per centum of the fair market value of the commodities provided. Our experience has shown, however, that handling costs are based on product form. Second Harvest has found that it costs approximately eight cents per pound to handle dry product and ten to twelve cents per pound to handle refrigerated and frozen products.

The Act should be amended to replace the five percent cap with a reimbursement schedule, pre-determined by the Secretary, which would properly account for both the volume and form of the product received.

(2) We are pleased that the Act recognizes the unusual pressures current economic conditions have placed on emergency food providers by giving them priority status. Every measure should be taken to assure that commodities are available to relieve emergency needs for food.

(3) Many commodities held by the USDA are not in forms suitable for distribution to individual households. The Act shows foresight in its willingness to make available Commodity Credit Corporation funds to pay for the initial costs for processing and packaging commodities in forms suitable for households. This provision will significantly expand the usefulness of available commodities and reduce potential waste due to inappropriate packaging.

(4) Past commodity distributions have been handled in an ad hoc, crisis manner with insufficient means of planning cost-effective and efficient distributions. Provisions in the Act which require the Secretary to publish estimates of commodities available for distribution during each of the next two fiscal years are wise and necessary.



(5) The Act contains a very positive provision assuring that individual public benefits will not be decreased by the value of commodities received by an individual. It contains no statement, however, regarding the temporary or supplemental nature of the commodities domestic distribution program. This bill must reflect a clear intent that the distribution of commodities is not to replace or reduce current federal food programs.

(6) The Act should include provisions to keep recordkeeping and paperwork requirements to an absolute minimum. This was accomplished satisfactorily in past large-scale distributions where each agency was only required to record the name and address of the individual recipient and the amount of cheese that person received. Under no circumstances should recordkeeping requirements be based on the requirements established by USDA in implementing the Food Bank Demonstration Program established by the Agricultural Act of 1980 and expanded by the Agricultural and Food Act of 1981. The three food banks who participated in the Demonstration found the requirements burdensome and excessive.

In summary, Second Harvest commends the release of surplus commodities for domestic distribution to hungry people. The suggestions we have offered will help such a program function more smoothly than the mass distributions of the past 15 months. We must all recognize, however, that this program will be useless to the nation's hungry without strong viable federal food programs.

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